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D 8523A

WORLD NEWS

Arafat calls for UN force in West Bank

Yassir Arafat, leader of the Palestine Liberation Organisation, urged the United Nations Security Council to send an emergency force into the occupied West Bank and Gaza Strip and prepare sanctions against Israel. He also asked for a UN envoy to work full-time on the peace process. Page 22; War nobody wants, Page 6

Lithuania blockade bites
Moscow's economic blockade of Lithuania began to bite as the breakaway republic's government was forced to cut oil supplies to local power stations. Page 3

Mandela guard guilty
A court in Johannesburg found Mrs Winnie Mandela's "chief bodyguard" Jerry Richardson guilty of murdering 14-year-old "Stompie" Seipei. Page 2

Zeebrugge ruling
An Old Bailey judge refused an application to drop corporate manslaughter charges against P&O European Ferries arising from the 1987 Zeebrugge disaster. Page 5

Kashmir Governor quits
The Governor of Jammu and Kashmir state, Mr Jagmohan, resigned after his tough tactics failed to lessen tensions in the Indian-ruled region. Page 2

US jet crash kills three
The pilot and two people on the ground were killed when a US military jet from Moody Air Force Base in southern Georgia crashed into a nearby residential area.

Zaire loan suspended
Belgium suspended a $105m (£62m) loan to its former colony Zaire pending an independent inquiry into the deaths of as many as 100 students in Lubumbashi last Saturday.

Doe offers to step down
Liberian President Samuel Doe said he was ready to step down or hold early elections under international supervision to help end a northern-based rebellion in which hundreds of people have been killed. The rebel National Patriotic Front did not respond to Doe's offer.

Sudanese earthquakes
Three earthquakes, measuring between 6.3 and 7.1 on the Richter scale, hit Sudan about 700 miles south of Khartoum.

Carter's reservations
Former US President Jimmy Carter said this weekend's elections in Myanmar, formerly Burma, could not be free or fair when so many candidates opposing the military government were under arrest.

Brazilian Greens extinct
Brazil's Green Party, which campaigned to save the Amazon rain forests, has ceased to exist. A court ruled that the party had not fulfilled legal obligations such as being represented in nine states.

'Mad cat' examined
Ministry of Agriculture experts were examining a five-year-old cat destroyed last night, which is suspected of contracting a nervous illness similar to bovine spongiform encephalopathy, or "mad cow" disease.

Kuwaitis to be expelled
The Home Office said two Kuwaitis arrested on Tuesday under anti-terrorist laws were to be deported because "their presence was not conducive to public good on grounds of national security."

McCarthy petition
Friends of British hostage John McCarthy marked his 1,500th day in captivity by handing in a petition at 10 Downing Street calling for greater efforts to be made to secure the release of the 33-year-old journalist.

No FT on Monday
The Financial Times will not be *published this Monday*, 28 May.

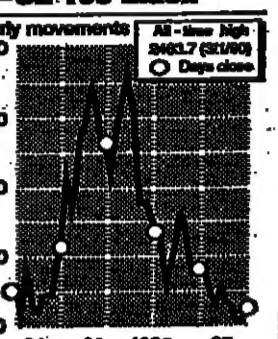
BUSINESS SUMMARY

GM to expand Europe output by a quarter

General Motors of the US, the world's biggest car maker, is planning to increase vehicle assembly capacity in Europe by 25 per cent to more than 2m a year by the mid-1990s including the establishment of assembly plants in eastern Europe, chairman Roger Smith announced. Page 3

FT-SE 100 SHARE INDEX: The UK stockmarket had an erratic session as dealers tidied up trading positions on the final day of the two-week account

FT-SE 100 Index



which has seen share prices rise sharply on growing optimism over early British entry into the EMS. The index closed down 11.5 at 2,265.6. London stocks; Page 13; Lex, Page 22

NIPPON Telegraph and Telephone, world's largest company by market value, posted a 16.5 per cent rise in consolidated annual pre-tax profits to Y510.5bn (£1.9bn). Page 10

MOTOROLA: Japan is on the verge of selecting equipment made by the US company as the sole standard for the country's digital mobile phone system. Page 22

LOWNDES QUEENSWAY, troubled UK furniture and carpet retailer, unveiled annual figures showing an attributable loss of £80m. Page 22 and Lex

CAMPBELL SOUP, US food group, is putting up for sale businesses accounting for one fifth of its European turnover, including much of Britain's Freshbake Foods. Page 10

CONTINENTAL, West German tyre company, and Toyo Tire and Rubber of Japan are planning joint production at three plants in response to intensifying competition. Page 10

GLOBE Investment Trust and Barings, its financial advisers, were strongly criticised by the Takeover Panel over statements made to the press about their representations to the panel in their defence against the £1.08bn bid from British Coal pension funds. Page 8

AIRLINES: Sir Leon Brittan, EC Competition Commissioner, accused airlines of trying to build fortresses to protect themselves from competition. Page 3; Survival of the fattest, Page 7

COURTAULDS TEXTILES, a leading company in the European spinning industry, is shedding more than 500 jobs with the closure of three Lancashire mills. Page 4

JOHN MAJOR, British Chancellor, again warned against expectations of an early cut in interest rates. Page 4

EL RAYAN: An Egyptian court has accepted a $562m (£333m) anonymous offer to repay depositors in the Islamic finance house at the centre of Egypt's biggest-ever fraud case. Page 2

AMERICAN Home Products, a leading US-based pharmaceuticals company, was given leave in the British High Court to go ahead with an appeal in a legal battle concerning Anadin, its best-selling painkiller. Page 5

NEEDWOOD HOLDINGS became the latest casualty of the building industry recession when administrative receivers were appointed. It is the first large builders' merchant to fail since the start of the UK housing market collapse in August 1988. Page 5

Prime Minister announces targets for control of 'greenhouse' gases

Thatcher acts on environment

By David Thomas, Resources Editor

MRS Margaret Thatcher called yesterday for urgent international action to fight the "greenhouse" effect, which could make the world hotter than at any time for 100,000 years.

The Prime Minister said global warming posed a serious threat to the world in the next century, and announced target for controlling British emissions of carbon dioxide, the main greenhouse gas.

She endorsed predictions by a United Nations group of scientists of higher temperatures, sharp rises in sea-levels and widespread disruption to agriculture, and backed the group's findings saying: "The changes which we are talking about now will occur at a faster rate than anything our natural world has known in the past."

Speaking at the opening of a new climate-prediction centre at the Meteorological Office in Bracknell, Berkshire, she added: "Governments and international organisations in every part of the world are going to have to sit up and take notice and respond."

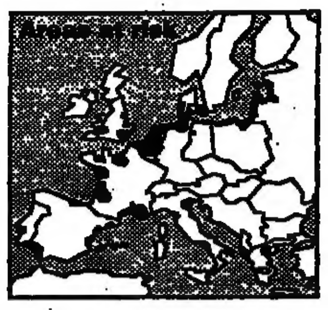
This will be interpreted as particularly addressed to the US Administration, until now sceptical about global warming.

Her warning coincided with the publication yesterday of a report on scientific aspects of global warming from the UN group, called the Intergovernmental Panel on Climate Change. The report predicted that average global temperatures would rise by 1C above present levels by 2025 and by 3C by the end of the next century unless action is taken. This would mean an average rise of sea-levels by 6cm a decade over the next century.

Mrs Thatcher accepted the report almost without qualification and described it as "of historic significance."

She announced that Britain was prepared to adopt the target of stabilising carbon dioxide emissions at 1990 levels by the year 2005, provided other countries also acted to curtail emission.

A large ministerial conference is due to consider the work of the intergovernmental panel and to debate action on global warming at a meeting scheduled for Geneva in November.



Rising sea levels would threaten coasts

Coastal areas bear the most severe risks from global warming, due to rising sea levels and increased flooding, writes John Authers.

In Europe, the areas shown on the map would be at risk from a one metre rise, although not always under water.

The Dutch delegation to the IPCC estimates the total bill to protect Europe against the higher sea levels expected in the year 2090 would be $99.7bn (£59bn) in today's money.

A rise of 3m would cover the Maldive islands. Bangladesh and Egypt are most severely at risk. A 50cm rise would flood 8.5m Egyptians.

Action to curtail the growth of carbon dioxide emissions is likely to have sweeping implications for energy and transport, the main greenhouse polluters.

However, Mrs Thatcher did not spell out the policy consequences of the target beyond saying that it would require "more efficient power stations, cars which use less fuel, better insulated houses and better management of energy in general."

The target was described as both realistic and very demanding by Mrs Thatcher, but was immediately attacked as inadequate by environmental groups.

"Mrs Thatcher is providing marvellous rhetoric but following it up with actions that lag behind the rest of the world," said Dr Jeremy Leggett, science director of Greenpeace International.

Mr Neil Kinnock, Labour Party Leader, said: "I would prefer actions rather than simply words."

European Community environment ministers are due to consider a proposal to stabilise carbon dioxide emissions at present levels by the year 2000. Britain is now certain to oppose this, together with some Mediterranean countries.

Other European countries, including Sweden and the Netherlands, have already adopted targets of stabilisation by the end of the century, while West Germany is considering a proposal to cut carbon dioxide emissions by a quarter by 2005.

The Government is due to give more details of how the British target can be met in the White Paper on the environment, scheduled for the autumn.

Difficult choices on global warming, Page 4

BA strike threatens holiday flights

By John Gapper, Labour Editor

BRITISH AIRWAYS last night faced disruption of flights from Heathrow after 7,000 engineers started an indefinite unofficial strike in protest at an attempt by the company to impose new working patterns.

The company insisted it could maintain all 200 flights a day out of Heathrow using 500 managers and supervisors to carry out routine maintenance. However, today's Heathrow-Manchester shuttle service has been cancelled.

The strike was called at a mass meeting of more than 2,000 engineers at Heathrow after BA said it would dock the pay of any of 460 engineers at Terminal One who refused to work the disputed new 12-hour shifts.

The strike came amid industrial action threats to bank holiday travel, including a three-day strike by French air traffic controllers in Nice and action by French engineers employed by Sealink Dieppe on Newhaven-Dieppe ferries.

Although the shifts were rejected in a ballot of the Terminal One engineers on Thursday, no industrial action ballot enabling the unions involved to call an official strike was held. The unofficial walkout was led by shop stewards.

Twenty airlines including Qantas, South African and Singapore whose maintenance work at Heathrow is contracted to BA were forced to fly in their own engineers to carry out inspection and repair work.

BA has only 10,000 engineers and is likely to halt much long-term work in order to keep up day-to-day services.

Shop stewards said they expected a formal industrial action ballot would be called by officials of the unions involved – including the AEU engineering union, the TGWU general union and the MSF technical union.

Mr Joe Fenton, a senior shop steward, said the engineers had walked out together because the new 12-hour shifts for the Terminal One engineers servicing European and domestic flights broke a broader agreement on shift patterns.

Some 1,000 engineers at Gatwick have been working a 12-hour four-day week after switching from an eight-hour five-day week. However, BA said it had no immediate plans for further talks with the Heathrow engineers.

Brittan warns against airline 'fortresses,' Page 3

Weekend FT

SECOND AMONG EQUALS
It is now 20 years since the Equal Pay Act was passed and, if anything, women are worse off. Why? asks Fay Weldon
Page I

Markets
Why Government mistakes are good for the small investor
Page II

Gardening
Robin Lane Fox finds a lot to admire at this year's Chelsea Flower Show
Page XX

Summer arts festivals
An international guide to the best events
Page XVI

Food and Wine
Nicholas Lander goes down on the farm while Edmund Penning-Rowsell samples some clarets
Page VIII

Perspectives
How top drivers defend themselves against terrorist attacks
Page VII

Soviet PM pleads with deputies to approve swingeing price rises

By Quentin Peel in Moscow

MR NIKOLAI Ryzhkov, the Soviet Prime Minister, yesterday pleaded with the Soviet Parliament to approve a swingeing bread price rise on the grounds that the government was bankrupt.

"We have no more money," he declared. "We have no more gold to buy grain."

His intervention came after he had told the Supreme Soviet the country had spent an extra Rbs3bn (£3bn) on importing an additional 27m tonnes of grain in the past four months alone.

In Moscow the authorities were reported to have restricted food purchases to halt panic buying sparked by the Government's plans to introduce steep price rises.

The Interfax news agency said the city's executive committee had ordered all shops in the capital to sell food from tomorrow only to people showing a local resident's permit.

Earlier Mr Ryzhkov, often seen as the second most powerful man after President Mikhail Gorbachev and a likely alternative, had put the survival of himself and his government on the line in defence of the package of price reforms, and measures to switch to a market economy.

His stark picture of the critical state of the Soviet economy coincided with a new demonstration of the growing political isolation of President Mikhail Gorbachev and his government.

Ryzhkov repeats hard line on Lithuania ....Page 3

The battle to become president of the Russian federation in the newly-elected Russian congress was transformed into a contest between Mr Boris Yeltsin, Mr Gorbachev's biggest radical rival, and Mr Ivan Polozkov, a hard-line conservative and Russian nationalist.

Whichever of the two candidates now wins would be likely to use the Russian presidency, controlling the largest republic in the union, as a power base to challenge Mr Gorbachev's reforms. The only hope for the Soviet leader is for neither to win the necessary majority, and a compromise candidate emerging.

The drama over the Russian election, and a furious debate over the national economy, were taking place simultaneously at opposite ends of the Kremlin yesterday.

Mr Ryzhkov faced continuing attacks in the Supreme Soviet on his plans for price reform and a switch to a "regulated market economy." His government is facing a motion of no confidence tabled by the radical deputies.

Forty-one deputies spoke in two days, the great majority critical, and the same number again are demanding to speak, so the debate was extended to Monday.

Mr Yuri Kalmykov, the moderate and respected chairman of the legal committee, called for the whole plan to be left with the parliament for rewriting, and sent back to the government in a month.

Mr Ryzhkov said it was up to the parliament to decide if a national referendum should be called on the plan. If it was rejected, he said, "then a new government will have to start work."

He urged the deputies to approve the package of price rises, including a tripling in the price of bread from July 1, and increases of more than 100 per cent in meat, fish, milk and cooking oil prices from next January. Industrial prices are also supposed to increase radically next year.

One deputy denounced the bread price rise, declaring that "bread is socialism: you cannot raise the price." Mr Ryzhkov retorted that the government had no more funds to buy grain from abroad, and admitted that attempts so far to boost domestic grain production, even with hard currency payments, had failed.

Yeltsin: contender for president of Russian Federation

Spanish link to Iraqi supergun

By Richard Donkin, Simon Henderson and Peter Bruce

THE SPANISH Government has launched an investigation based on information supplied by the British Embassy in Madrid which has linked two Spanish companies to the Iraqi supergun.

Western officials believe that at least one Spanish company has been involved in the construction of huge steel cradles on rollers to support the barrel of the largest gun as it recoils in firing.

This latest information confirms the Europe-wide scale of Baghdad's efforts to procure huge guns with ranges of up to 2,000 miles. Parts have also been seized in the UK, Turkey, Greece, Italy, Switzerland and West Germany.

Western officials believe that two separate guns were being developed, a 350mm diameter cannon with a range of 200 miles and a 1m diameter gun capable of firing 1.5 tonnes of high explosives or chemical weapons at least 600 miles and perhaps as far as 2,000 miles.

The Iraqis are thought to have been seeking two of each type of gun. Their prototype of the 350mm version was damaged in a test firing last year.

The larger gun has a barrel 150m long, designed to be elevated to 52 degrees and to be laid on or within a hillside. Each gun would be an immovable structure capable of threatening a single target.

US satellites have been scouring an area in northern Iraq, south-east of Mosul for signs of a gun site.

Continued on Page 22

MARKETS

STERLING
New York lunchtime:
$1.6880
London:
$1.6900 (same)
DM2.8425 (2.8400)
FFr9.5750 (9.5350)
SFr2.4075 (2.4025)
Y253.00 (256.00)
£ index 89.1 (89.0)

GOLD
New York: Comex Jun
$368.5
London:
$367.25 (363.75)

N SEA OIL (Argus)
Brent 15-day Jul
$16.75 (16.685)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.6845
FFr5.6660
SFr1.4270
Y149.65
London:
DM1.6820 (1.6810)
FFr5.6650 (5.6425)
SFr1.4250 (1.4210)
Y149.70 (151.45)
$ index 67.2 (67.3)
Tokyo close: Y150.05

US LUNCHTIME RATES
Fed Funds 8¼%
3-mo Treasury Bills:
yield: 7.992%
Long Bond:
100$\frac{1}{32}$
yield: 8.684%

STOCK INDICES
FT-SE 100:
2,265.6 (−11.5)
FT Ordinary:
1,800.0 (−5.2)
FT-A All-Share:
1,120.03 (−0.4%)
New York lunchtime:
DJ Ind. Av.
2,836.10 (−19.45)
S&P Comp
356.12 (−2.29)
Tokyo: Nikkei
32,783.88 (+482.19)

LONDON MONEY
3-month interbank:
closing 15$\frac{1}{16}$% (15$\frac{3}{32}$)
Liffe long gilt future:
Jun 82¼ (82⅝)

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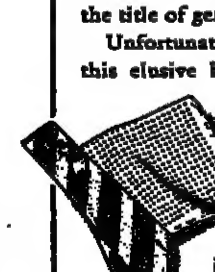

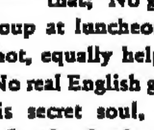

OVERSEAS NEWS

Roh holds out hand of friendship to Japan

By Robert Thomson in Tokyo

MR Roh Tae Woo, the South Korean president, yesterday urged Koreans and Japanese to overcome the "psychological barriers" of the past to develop a spirit of co-operation in Asia similar to that of the European Community.

In the first address to the Japanese parliament by a South Korean leader, President Roh suggested that Japan still had not fully "opened up to history", a reference to official treatment of the colonisation of Korea, but that the two countries had a leading role to play in the region.

President Roh returns to Seoul today after a visit that has already marked a turning point in bilateral relations. He told South Korean journalists yesterday that Japanese apologies for wartime brutality had gone further than he expected, and have "settled a most important issue".

The President yesterday also addressed the Keidanren, the Federation of Economic Organisations, and asked Japanese businesses to increase technology transfer to South Korea. He said some Japanese companies were reluctant to export high technology, but should recognise that his country's growth would provide an ever larger market for Japanese products.

In his speech to the parliament, President Roh asked for an increase in the legal rights of the 700,000 Koreans "who have come to live in Japan by a quirk of history". He said that when they could live in Japan "without artificial inconvenience", Koreans and Japanese would be able to "feel genuine friendship to each other".

The President's engagements in Japan included a short but unprecedented meeting with Ms Takako Doi, the Japan Socialist Party leader, who encouraged him to work towards reunification with North Korea. President Roh suggested that the JSP, which has traditionally had close ties to Pyongyang, could play a useful role in reducing tension on the Korean peninsula.

Indian row as hardline Kashmir governor resigns

By K.K. Sharma in New Delhi

THE GOVERNOR of Jammu and Kashmir state resigned yesterday after his tough tactics failed to quell the Indian-ruled region's Moslem insurgency and was replaced immediately by India's former spy chief.

Mr Jagmohan, appointed governor of Jammu and Kashmir only five months ago, was widely reviled in India's only Moslem-majority state for what militants said were ruthless measures to crush the revolt against Indian rule that flared in January.

He insisted his tough line was the only way to save the country.

Mr Girish Saxena, 63, security adviser to the Prime Minister, Mr V.P. Singh and his predecessor Mr Rajiv Gandhi, and the former head of India's external intelligence agency was named as the replacement. The resignation could be viewed as an olive branch to militants fighting for the independence of Kashmir and as a prelude to a new political initiative.

But the move immediately sparked a political storm in New Delhi. Mr Singh's minority government was openly attacked for the first time by one of the parties which supports it in Parliament when it became known that Mr Jagmohan had resigned after being recalled.

The criticism came from the Hindu fundamentalist Bharatiya Janata Party (BJP), which, with the Marxists, supports Mr Singh. The BJP takes a hard line on the Kashmiri militants who have launched a movement for secession from the Indian union.

However, Mr Jagmohan has been condemned by Marxists and Congress party leaders this week after Indian security forces opened fire on the funeral procession last Monday of the assassinated Moslem leader, Mirwaiz Moulvi Farooq.

Although the Government put the death toll at 27, unofficial sources said more than 100 were killed. The fiercest condemnation of Mr Singh's government yesterday came from Mr L.K. Advani, president of the BJP, who called Mr Jagmohan's recall "a monumental blunder".

Mr Advani claimed that Mr Jagmohan "had restored a semblance of order" in the Kashmir valley, where the separatist militants are active.

The BJP's heavy criticism of Mr Singh is the first open challenge since the new Indian Government took office with its support after the general election in November.

However, Mr Advani ruled out withdrawal of support.

Mr Jagmohan's resignation could lead to a change in the harsh policies being implemented in the capital, Srinagar, although no change is expected in Kashmir's status.

Mr George Fernandes, the Minister of Railways, who has also been appointed as Minister for Kashmir Affairs, favours a policy of holding a dialogue with the militants, but has found his efforts thwarted by Mr Jagmohan.

Now that Mr Jagmohan is no longer governor, Mr Fernandes is expected to attempt an initiative for a political settlement with the militants.

Jagmohan after his resignation yesterday. His harsh measures were reviled by Kashmiri Moslems.

Mandela aide guilty of murder

A COURT in Johannesburg found Mrs Winnie Mandela's "chief bodyguard" Jerry Richardson guilty yesterday of murdering a 14-year-old boy, Reuter reports from Johannesburg.

The Rand Supreme Court court found that Richardson, aged 41, had killed black activist "Stompie" Seipei whose battered body was found, throat slit, in Soweto near Johannesburg in January 1989.

Richardson led the "Mandela United Football Club", which acted as Mrs Mandela's unruly bodyguard in Soweto during the final part of her husband Mr Nelson Mandela's 27-year imprisonment.

Richardson was also convicted of trying to kill another young man by cutting his throat with garden shears and leaving him for dead, four kidnapping charges and five counts of assault with intent to do grievious bodily harm.

The trial began on the same day that Mr Mandela led an African National Congress team in preliminary talks with the President F. W. de Klerk's Government early this month.

On Tuesday Mr Mandela accused the state of persecuting his wife by the way it ran the trial. "When my wife is not charged and the whole case centres around her, she has no way of defending herself and her innocence," he said.

Two Johannesburg lawyers, who asked not to be named, said the state probably had enough evidence to charge Mrs Mandela with assault or even complicity with murder. "I don't think it is going to be a legal decision, it is going to be a political decision," one said.

In February last year anti-apartheid leaders urged the black community to shun Mrs Mandela, once known as "Mother of the Nation", because of the Seipei incident and other thuggish actions by the 30-strong team.

Witnesses at the trial said Richardson took Seipei and three older youths from a Methodist-run shelter for homeless boys because Mrs Mandela, a social worker, believed the white clergyman there was sexually abusing them – a charge the church denies. State witnesses testified that Mrs Mandela joined in whipping the boys in her home in late December 1988 to persuade them to admit to homosexual ties with the clergyman.

Justice B. O'Donovan found that Mrs Mandela had been present for at least part of the time that the youths were being assaulted.

Richardson will appear for sentencing on August 6.

● Tens of thousands of whites are expected to attend a giant rally today to launch a "freedom struggle" against reform of apartheid.

The Conservative Party predicted up to 100,000 whites would attend the rally at the Voortrekker Monument in Pretoria to denounce President de Klerk's reform plans.

Row over Japan's dock levies

By Ian Rodger in Tokyo

JAPAN'S Fair Trade Commission confirmed yesterday that it was considering launching an inquiry into demands by Japanese dock warehouse companies for special levies from shipping companies to finance improvements in distribution facilities.

The inquiry was requested on May 15 by the European Commission, which, along with the governments of the US, Canada and the Nordic countries, made formal protests to the Japanese Government late in April about the levies.

Meanwhile, the warehouse companies' association, the Japan Harbour Transport Association (JHTA), agreed yesterday to continue negotiations with both foreign and Japanese shipping company associations on an extension of the levies, which were imposed on a trial six-month basis from last October 1.

It had earlier set a deadline of yesterday morning for them to agree to the extension under threat of sanctions, but agreed yesterday to continue discussions without setting a new deadline for a conclusion.

Opposition to the levies arises partly because the shippers do not see why they should help finance the capital spending projects of the dock warehouse companies, many of which are affiliates of huge trading groups, such as Mitsubishi and Sumitomo.

Foreign shippers also object to the distribution of the levies, which hits container traffic, in which they have a strong market share, much harder than car and bulk carriers.

The EC's request for an FTC investigation adds the complaint that the JHTA action is in violation of Japan's anti-monopoly law. "Our shipping lines face in the JHTA a monopolistic organiser of Japan's stevedoring operations which forced them on November 22 1989 to sign an agreement which stipulated coercive levies for an unaccountable fund from which the lines see no perceptible benefits," the EC says.

Shipping industry sources in Tokyo said the dispute had arisen because the Ministry of Transport has been putting pressure on the JHTA to expand distribution facilities to keep pace with the rising inflow of imports.

The warehouse companies have been dragging their feet, and so the JHTA decided to impose levies on shipping companies.

The ministry claims the the matter is purely a private one between the shipping and warehouse companies.

France in Gabon evacuation

France airlifted 800 of its 3,000 citizens from the Gabonese city of Port Gentil yesterday after riots against President Omar Bongo spawned widespread looting, French sources said, Reuter reports from Libreville.

The French Minister of Co-operation, Mr Jacques Pelletier, said in Paris that "the Government has taken the necessary steps to allow French citizens to leave Port Gentil if they so desire".

He reported fresh trouble during the night in the oil port, 80 miles south-west of Libreville, as protests continued against Mr Bongo.

The riots began after the body of an opposition leader was discovered in a Libreville hotel on Tuesday and are the most serious challenge yet to President Bongo's 23 years of autocratic rule.

Japan's record overseas assets

Japan had record net overseas assets of $293.2bn (£173.4bn) last year, making it the world's largest creditor nation for the fifth straight year, the Finance Ministry said yesterday, AP reports from Tokyo.

The figure was up 0.5 per cent from 1988, according to a report presented to the Cabinet. The 0.5 per cent increase, which followed a 21.1 per cent jump in 1988, was the lowest rise since 1982, when Japan began posting a yearly rise.

Madrid to host Guatemala talks

Guatemala's left-wing guerrillas meet leaders of the country's largest political parties next week in Madrid in the first such public encounter in Central America's longest-running civil war, Reuter reports from Guatemala City.

The talks, beginning on Monday, mark an initial step toward a negotiated solution to nearly three decades of war in which more than 100,000 people have been killed.

Taiwan MPs in parliament uproar

Taiwan's opposition politicians yesterday screamed, shoved and filibustered to keep the prime minister-designate from addressing Parliament in protest against what they called military interference in government, Reuter reports from Taipei.

Mr Hau Pei-tsun spent most of the day waiting in an anteroom, unable to address the Parliament that must approve his appointment as Prime Minister. The session was adjourned until next Tuesday.

Burmese army warns rebels

The Burmese army has warned it will take tough action against any disruption of tomorrow's elections, Reuter reports. The Rangoon Government, which assumed power after crushing a pro-democracy uprising in September, 1988, is going ahead with the poll despite international condemnation of its validity.

Italian World Cup strikers

Italian air traffic controllers have called a strike for the eve of the World Cup football finals next month when thousands of fans are expected to arrive for the championships, Reuter reports from Rome.

The controllers' union said that staff at Rome's main Fiumicino airport would strike for six hours each day on June 4, 5, and 6.

South Korea shows a surge in growth

By John Ridding in Seoul

SOUTH Korea's Gross National Product increased by a real 10.3 per cent in the first quarter of the year, according to provisional figures from the Bank of Korea, the central bank.

The year-on-year increase is much higher than the 7.1 per cent increase which had been estimated by the central bank last month and reflects strong domestic demand, in particular in the construction sector.

It is the highest year-on-year quarterly increase since the fourth quarter of 1988 and has prompted analysts to increase growth targets for the current year from 7 per cent to 7.5 per cent. An official at the Economic Planning Board said that the figures demonstrate that the economy is recovering after a slowdown which saw GNP growth almost halve last year to 6.7 per cent.

However, while analysts agreed that the results were encouraging, they added that the increase was exaggerated by the fact that the base period, the first quarter of 1989, had seen a relatively low growth rate of 6.2 per cent. They added that exports continued to be weak, growing by 1.9 per cent in value terms and by 0.1 per cent in volume. Imports increased by 17 per cent in value.

The rise in GNP for the first three months was led by the construction sector which increased its output by 39.1 per cent. Domestic consumption also grew strongly, rising by 12 per cent, while manufacturing output increased by 7.1 per cent, compared with only 1.8 per cent in the first quarter of 1989.

Manufacturing investment rose by a strong 18.6 per cent. Gross Domestic Product rose by 9.6 per cent in the first quarter over the same period last year.

An official at the Bank of Korea said that "the surprising increase in growth" resulted from a stronger than expected performance by the construction sector which also buoyed related industries such as machinery and utilities. He said: "We can now expect an upturn in the sluggish economy." Analysts said that the strong increase in the manufacturing sector also reflected the relatively peaceful industrial relations situation so far this year.

According to the Bank of Korea, the number of labour disputes fell from 331 in the first quarter of 1989 to 67 in the first three months of this year. Lost production arising from industrial disputes fell from won 1.6 trillion £1.3bn to won 70bn, while the loss in exports fell from $643m to $20m.

Hong Kong's economic growth rate sinks to zero

By John Elliott in Hong Kong

HONG KONG'S growth rate fell to around zero in the first quarter of this year, according to government economists, and is not expected to pick up significantly this quarter. This follows negative growth in the third quarter of last year and only a slight improvement in the final quarter.

This slowdown of the economy, which was growing at about 13 per cent a year three years ago, has been partly caused by a combination of economic problems in China during the past year and sluggish local demand.

But the Government is not yet prepared to trim its forecast of a 3 per cent growth rate in real terms for the whole of this year.

The local consumer price index rose by 9.4 per cent in the first quarter and the forecast for the year is 8.5 per cent.

Mr K.Y. Tang, the Government's economic adviser, yesterday welcomed the decision by President George Bush to continue China's most favoured nation status.

There have been fears that a loss of this status could have knocked as much as one percentage point off Hong Kong's growth rate.

The value of Hong Kong's domestically produced exports decreased by 5 per cent in real terms to HK$46bn in the first quarter of this year, compared with the same period last year, according to the Government's first-quarter economic report, which was published yesterday.

The report said domestic exports would "probably remain sluggish over the next few months".

Anonymous $500m offer in Egyptian fraud case

By Tony Walker in Cairo

AN EGYPTIAN court has accepted a $562m anonymous offer to repay depositors in an Islamic finance house at the centre of Egypt's biggest-ever fraud case.

The offer was made by the defendant's lawyers in continuing negotiations to secure a reduced sentence for the principals of El Rayan investment company, who have been accused of massive fraud.

But the court made it clear criminal proceedings against Mr Ahmed Tewfik Abdel Fattah, the head of El Rayan, his father and a brother would proceed while discussions continue on a possible deal.

The defence lawyer did not disclose the identity of investors he claims have offered to buy El Rayan's assets. Proceeds from the sale of these assets would be used to repay depositors. About 187,000 depositors were allegedly swindled out of $730m.

El Rayan was the biggest of Egypt's Islamic investment houses whose activities were frozen in 1988 when the government realised that the savings of tens of thousands of small investors were at risk in the unruly and unregulated deposit-taking sector.

The investment companies were widely accused of operating "pyramid" schemes whereby they paid existing depositors from the funds of new investors.

● Egypt will adjust its Central Bank rate from E£1.10 to E£2 to the dollar on July 1, it was announced this week, in a further indication that Cairo is clearing the way for a new IMF accord.

Customs strike raises Abidjan tensions

By Mark Huband in Abidjan

CUSTOMS officers in the Ivory Coast launched a strike yesterday as armed troops patrolled Abidjan port and airport.

Shooting broke out during the early morning in Abidjan's large port area, and armed troops later blocked off the Houphouët-Boigny bridge, one of the two bridges linking the city centre with the airport at Port Bouet, 5 miles from Abidjan.

The customs officers were demanding that they become part of the armed forces, as well as asking for improved pay and working conditions.

President Félix Houphouët-Boigny met a delegation of customs officials yesterday morning and said that he would consider their demands and announce his conclusions next Wednesday.

At the port, lorries carrying the country's vital supplies of coffee, which is the Ivory Coast's second major export, were lined up outside the barred gates near the quaysides. Although some loading is believed to have taken place, there were few officials present.

But soldiers were heavily in evidence after the shooting which broke out in early morning. There were no immediate reports of casualties.

The strike is the latest in a series of protests by members of the key security and emergency services.

Today the President will announce his response to the fire brigade's demands for better pay and an end to automatic monthly payments made to the ruling party by state employees.

In the past weeks the Government has generally given in to the demands of strikers. Police officers and soldiers, who mutinied last week, have all had their demands for better working conditions met.

The customs officers' strike comes only a day after the Government announced new plans to revitalise the economy. It was a series of public sector pay cuts and nationwide tax increases which unleashed the current rash of protests in February and March.

The Government announced this week that a new economic austerity programme would be introduced next Friday which seeks to increase state income by improving the efficiency of the custom and tax services. Action is also to be taken against fraud and corruption.

While the customs officers' strike is not a direct response to the new austerity measures, their role is clearly going to increase in importance as the Government attempts to improve its finances while coping with protest.

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Woody rules the world's airwaves

By Raymond Snoddy

THE world television screen is not after all dominated by Dallas but by wall-to-wall Disney, Hanna Barbera and Warner, according to the first survey of what the globe watched on one particular day last year.

Donald Duck, Woody Woodpecker, Roadrunner and Bugs Bunny were all over the place.

The survey by the London-based International Institute of Communications for its journal, Intermedia, looked at viewing schedules for October 18 last year and covered an estimated 850m-860m of the world's 890m-900m television sets and between 3bn and 5bn of its population.

The picture that emerged was one of remarkable diversity. American programmes were very popular, particularly in Singapore, the Philippines, Hong Kong and Zambia. On Chile's second channel, run by the Catholic University, they were showing LA Law and Cagney and Lacey back to back. Even the francophone countries were not immune, with the French-Canadian channel running three American soaps on the night.

At first sight, argues Dr Michael Tracey, an academic specialist on television, it looks as if common beliefs about globalisation and Americanisation of culture are correct.

"In fact, when one looks carefully there are great chunks of global TV with no American material at all and massive amounts of local programming," Dr Tracey says. News, information and education are still important.

Some nations, however, such as Egypt, apparently try to have it both ways.

On October 18 the American soap Knots Landing played on Egypt's second channel at 17:15 and overlapped with The Koran on Channel 3 at 17:15.

In the more centrally controlled countries sport, particularly football, seen as ideologically neutral, gets widespread coverage.

Yet two months before the Romanian revolution a BBC Panorama programme on Romania was seen as suitable fare for Hungarian television.

"But the main question I keep coming back to was what on earth the TV public of Zimbabwe make of Hooperman [a US detective series] or that of Turkey of the Cosby Show," Dr Tracey muses.

The answer, he believes, would shed some light on the sociology of the world.

GM to increase European output capacity by 25%

By Kevin Done, Motor Industry Correspondent

GENERAL Motors of the US, the world's biggest car maker, is planning to increase its vehicle assembly capacity in Europe by 25 per cent to more than 2m a year by the mid-1990s including the establishment of assembly plants in eastern Europe, Mr Roger Smith, GM chairman, announced yesterday.

As a first step it has decided to begin its first car assembly operation in East Germany. It is also planning to establish an automotive components joint venture in Hungary in addition to plans for an engine and car assembly plant in Hungary it announced earlier this year.

Mr Smith said assembly of the Opel Vectra/Vauxhall Cavalier range would begin in East Germany in October in a joint venture with the Eisenach car plant, which now produces the Wartburg car range.

In the first stage GM will produce 10,000 cars a year at Eisenach. Painted bodies will be supplied from its Rüsselsheim plant near Frankfurt for final assembly in East Germany by Opel-AWE, the joint venture company established in Eisenach in which GM will be the majority shareholder.

In a further stage GM is studying the feasibility of full vehicle assembly at Eisenach with a volume of up to 150,000 cars a year.

GM has already appointed around 200 dealers in East Germany, and Mr Smith said that by the end of the year the company would have dealers and distribution companies in place in six eastern European countries.

GM's Packard Electric division is setting up a 60/40 joint venture in Hungary to make wiring harnesses for Opel cars produced and sold in western Europe.

The joint venture, Packard Electric Vas, will be located in Szombathely in western Hungary near the Austrian border. Employment at the joint venture, which is being formed with the Hungarian company Villszov, is expected to rise to 650 at full production in 1994 from 135 at present.

GM said the joint venture would earn export credits against which it will be able to import both finished vehicles for sale in Hungary, as well as car kits and other materials for its planned car and engine plant in Hungary.

GM announced in January that it was forming a joint venture with Raba, the Hungarian automotive and engineering group, to build up to 200,000 engines and to assemble up to 30,000 Opel Kadett/Vauxhall Astra cars a year in one of the most ambitious inward investments undertaken by a western company in Hungary.

The GM plans in East Germany are following closely on the heels of Volkswagen, which said the first VW Polo small car had rolled off the assembly line this week at its joint venture with IFA near Zwickau, where the out-dated Trabant range is produced.

VW output in East Germany is expected to reach 50 units a day by the end of the year and 400 cars a day or 100,000 a year by the end of 1992. In a third stage VW is planning for production of 250,000 cars a year from 1994.

Brittan warns against airline 'fortresses'

By Lucy Kellaway in Brussels

SIR Leon Brittan, the EC Competition Commissioner, yesterday accused leading airlines of trying to build fortresses to protect themselves from competition and said the Commission would take strong action against any such deals.

He expressed concern at the trend towards ever bigger European networks and the growing temptation for companies to sign non-aggression pacts with other big airlines.

Mentioning the recent deals between British Airways, Sabena and KLM, and between Air France, Lufthansa and Iberia, as possible examples of the undesirable trend, he said: "I certainly will have no hesitation in applying the Treaty [of Rome] rules, should such agreements be shown to have an adverse effect upon competition within the common market."

His comments, made in London, make it increasingly likely that the Commission will not allow the Sabena-British Airways deal to go ahead as planned. A verdict is expected by the end of next month.

Sir Leon also warned against takeovers by big airlines of their smaller national rivals. Again, he named names, pointing to the recent takeover of UTA and Air Inter by Air France and of Transavia of the Netherlands by KLM.

A rapid means of redress for companies which felt that they had been subject to predatory behaviour by the big airlines was through the domestic courts, he said, which have the power to award damages under the Article 86 of the Treaty of Rome.

He said the Commission was concerned that more companies did not use this route. In a promise of a more liberal future, he said the Commission was planning regulatory changes that would make it easier for new companies to get slots at congested airports.

An American soldier places a flag on the grave of a war veteran at Arlington National Cemetery. More than 215,000 flags were laid down in preparation for the Memorial Day Weekend.

Colombia to hold reform plebiscite

By Sarita Kendall in Bogota

THE Colombian Supreme Court, in a last-minute decision, has given the go-ahead to an unofficial plebiscite, to be run in parallel with the presidential election tomorrow, on whether a constituent assembly should be set up.

Defying the attorney-general's opinion, the court decided that public support for the assembly was so strong that there would be "greater de-stabilisation" if the Yes/No votes for an assembly were not counted, even though Colombia's present constitution does not allow for plebiscites.

Meanwhile at least nine people have been killed and 20 injured by a car bomb which exploded near the Intercontinental Hotel in Medellin. The bomb was detonated after police stopped the car at a roadblock on Thursday evening. Four members of the elite police force died.

Elsewhere in Medellin, three more police were murdered. The city's mayor imposed a 10pm curfew yesterday to try to prevent further violence before the election.

Hopes for change have largely centred on a constituent assembly, rather than the candidates' programmes. Congress's failure to pass constitutional reforms in the last session led to a frantic search for some mechanism which would by-pass a self-serving parliament.

Attempts to hold an informal plebiscite were obstructed, but the next president will almost certainly feel morally bound by the unofficial plebiscite to set the reform process in motion if a majority votes for it.

All four leading presidential candidates have said they would call an assembly to draw up constitutional reforms, rather than rely on Congress. Future peace talks with three of Colombia's guerrilla movements are closely tied to carrying through the assembly and it was one of the points in the M-19 group's disarmament agreement.

President Virgilio Barco said the court's ruling was historic and would allow Colombians to decide freely on policy for the first time in 35 years. Voting is not compulsory and political parties fear that the bombs and assassinations of recent weeks will raise the traditionally high abstention rate.

But the chance to vote for constitutional change should stimulate the electorate.

Ryzhkov repeats hard line on Lithuania

By Quentin Peel in Moscow

MR Nikolai Ryzhkov, the Soviet Prime Minister, yesterday insisted once again that Lithuania repeal or suspend its independence declaration and submit to the country's new law on secession, apparently scotching hopes of a new conciliatory line from Moscow.

He still urged the need for dialogue between the rebellious Baltic republic and the Soviet Government, but subject to the change in the March 11 independence declaration, which is the one condition the Lithuanian parliament refuses to meet.

He said that if Lithuania remained within the USSR, it would have "maximum autonomy" as a republic. "If they decide they still want to leave, we now have a law on secession, and then there will be no problems."

Lithuania, along with neighbouring Latvia and Estonia, claims that the new Law on Secession is biased against any republic trying to quit the union, demanding a huge majority in any referendum and giving an effective veto to the other Soviet republics.

Meanwhile, the Soviet Government in clearly facing continuing big challenges to its authority elsewhere. Col-Gen Yuri Shatalin, commander of the Interior Ministry troops responsible for domestic law and order, said yesterday that the situation in Armenia was "explosive," with several para-military organisations challenging the Government.

He said there were at least 2,500 stolen weapons in the hands of insurgents, including 1,145 sub-machine guns and 570,000 rounds of ammunition.

The so-called Armenian National Army, the most active of the groups, had taken over buildings and other premises to use as its headquarters, and had units deployed throughout the republic. He said they were trained by ex-Afghan veterans, and the Armenian authorities had failed to answer military appeals to disarm them.

Vienna deadlock threatens arms pact

By Judy Dempsey in Vienna

SUMMIT talks between Mr George Bush, the US President, and his Soviet counterpart, Mr Mikhail Gorbachev, must find a way of breaking the deadlock at the Vienna negotiations on reducing conventional forces in Europe if a treaty is to be signed this year, according to arms negotiators.

Following rapid early progress in most areas, there has been little movement since March towards resolving the two most difficult issues – aircraft and so-called "sufficiency" levels.

The Soviet Union wants some Soviet troops to remain in erstwhile East Germany for a transitional period. It also wants some control over the size of the new *Bundeswehr* (German army).

These attitudes are reflected in the Vienna negotiations by the Soviet Union's attempts to impose ceilings on national troop holdings, something which Nato has so far refused to accept. Manpower ceilings only involve those Soviet and US troops stationed in Europe.

Supported by the Poles, the Soviet delegation wants to impose manpower ceilings of between 700,000 and 750,000 for each group in the central European zone, which would affect the size of Nato's stationed forces and the size of the German army.

Both sides also disagree over "sufficiency" levels which would stipulate what proportion of total forces (of any weapons category) from each group could be held at any one time in a country belonging to that group.

Nato has proposed a sufficiency level of 30 per cent and strenuously objects to the Warsaw Pact's proposal of between 35 and 40 per cent as being too high.

This Soviet position, which diplomats describe as a "wait-and-see" attitude, has even stalled agreement on definitions, for instance, on the weight and size of tanks to be reduced.

But more significantly, it has inhibited progress on resolving the aircraft issue, which includes long-range strategic bombers, permanently land-based naval aviation and combat-capable trainers.

Both sides recognise that the first category can be addressed in the START talks. The Soviets insist on including the second category even though it is excluded from the original CFE mandate. But now some east European delegations are anxious to include this category, perhaps in follow-up CFE negotiations. They argue that, as the Soviets withdraw aircraft from eastern Europe, these weapons are being moved out of the Soviet air force into the naval force.

The Hungarian delegation cited the recent withdrawal of 36 Soviet Mig 27s from Debrecen, eastern Hungary. It said that the aircraft insignias were changed from air force to navy, thus excluding these forces from the CFE reductions.

Nato wants to include Soviet combat-capable trainers in the reductions. Mr Oleg Grinevsky, head of the Soviet delegation, this week proposed re-categorising trainers into combat-capable trainers and non-combat trainers. Nato's initial response was that this would still allow circumvention because trainers can quickly be turned into combat aircraft.

Polish railways strike halts exports of coal

POLISH ports were blocked and coal exports halted yesterday after talks failed to end a strike by railway workers protesting over low pay and bad management, Reuter reports from Warsaw.

"The situation is becoming quite serious because Poland is no longer able to expedite most of its coal exports," said the state railway spokesman, Mr Jacek Wnukowski. The strike has spread to almost one-third of the country in less than a week.

Coal is Poland's main hard currency earner, providing 8 per cent of its export revenues, at least twice as much as any other single item. In 1988 Poland exported 28.8m tonnes.

The strikers want the railways management replaced and a 20 per cent pay rise.

Sandinista leader calls for party democracy

By Tim Coone in Managua

A LEADER of the Sandinista Liberation Front (FSLN) in Nicaragua has publicly recommended that there should be internal elections within the party, and that party policy should be opened up to a wide-ranging debate.

To loud applause, Mr Tomas Borge, one of the founders of the FSLN in the early 1960s and Nicaragua's Interior Minister from 1979 until April this year, told a meeting of union leaders on Thursday evening: "It is time to open the windows and let the air in." He said party strategy must be worked out through "diaphanous democratic discussion in which members can elect their leaders at zonal, regional and national level by means of a secret, direct vote".

The FSLN suffered a surprise defeat in last February's general elections after almost 11 years in power, following the 1979 revolution. Run as a clandestine organisation from the 1960s until it took power, the FSLN has continued to be run along highly centralised and hierarchical lines, allowing for little public debate of party policy even within its own ranks.

A move to democracy within the party could pave the way for the FSLN to become a full member of the Socialist International, with all the political and financial support that this would imply from social democratic parties in western Europe and Latin America.

Kohl urges Nato to adapt its strategy

By David Marsh in Bonn

WEST Germany's Chancellor Helmut Kohl yesterday stepped up his calls for Nato to change its strategy and structure to accommodate a united Germany and the waning of confrontation in Europe.

He told delegates to an international disarmament conference in Bonn a united Germany would belong to Nato, but he spelled out firmly the need for change. He rejected attempts to drive Germany into "isolation" as being tantamount to a new Treaty of Versailles.

The Chancellor said: "Our defensive alliance is not an end in itself, but is a reflection of the political situation. If this changes, then the alliance will have to change too. The alliance of tomorrow with a united Germany will therefore be different from the one we know today."

Mr Kohl spoke firmly of the risks of detaching Germany either from European economic integration or from Nato. History had shown that Germany could be the source of "discontent, instability and uncertainty for the whole of Europe". This had been the consequence whenever Germans themselves chose "nationalistic special paths" or were "driven into isolation by former opponents after lost wars," the Chancellor said. That was why "there must not be a second Versailles."

Mr Kohl was at pains to address fears from the Soviet Union that membership of Nato by a united Germany would lead to "one-sided gains for the West".

However, he also sturdily rejected proposals – sporadically voiced from within the Soviet Union – that Germany should sign a peace treaty with the Second World War victors to seal the ending of German division. He said he was grateful to President Mikhail Gorbachev for recognising German sensitivities on this point and agreeing to a more broadly-based multilateral peace settlement.

Mr Kohl was speaking before talks next week aimed at smoothing the feathers of the opposition Social Democratic Party (SPD) over the state treaty with East Germany signed last week on German monetary union.

The SPD admits that it will not block adoption of the treaty when it comes up for parliamentary ratification next month.

West Germany will supply about DM25bn (£8.86bn) on the day of monetary union between the two Germanys, far in excess of East German needs, said Mr Günter Storch, a Bundesbank director, writes Andrew Fisher in Frankfurt.

East Germany's cash in circulation is around 13.5bn East German Marks. East Germans will be able to convert much of their savings at a rate of one-for-one from July 2. Mr Storch said the DM25bn would allow for growth in demand and ease supply problems. But he warned East Germans to be careful with their new D-Marks.

Gorbachev sells himself short to stay a pauper among premiers

Our Foreign Staff looks at the salary league table of luminaries in the political world where the pay can be a state secret or state assets

MR MIKHAIL Gorbachev's decision to double his salary earlier this week may simply have been a canny piece of index-linking, coming as it did the day before he also doubled Soviet food prices.

But if the Soviet President sought to pitch his salary on to a competitive footing with other world leaders, he has sold himself short.

Even at Rbs4,000 a month, with a Moscow apartment, Crimean holiday home, Lenin Hills dacha, bevy of Zil limousines and the odd helicopter thrown in, Mr Gorbachev is a pauper among premiers.

Although this new monthly pay packet translates into £4,000 a month at the official rate for the overvalued rouble, if Mr Gorbachev changed his roubles with taxi-drivers at the more realistic black market rate, he would be on about £3,750 a year.

Mr Gorbachev may be chagrined to learn, should the conversation turn to salaries in Washington next week, that President George Bush earns about that much every five days. Congress sets his salary at $200,000, (£118,343) but Mr Bush is reckoned to gross over $450,000 a year when his investment income is included. To that can be added a clutch of residences, free travel on Air Force One and free golf at Andrews Air Base ("but he always tips the caddies," says a White House spokesman).

Mr Gorbachev could point out that his salary is about as high as they come in the Soviet Union – it is 10 times the average industrial wage.

Mr Bush, on the other hand, along with most other Western leaders, earns rather less than top compatriot businessmen. Even leaving aside Wall Street's stratospheric earners, Mr Roger Smith, the outgoing chairman of General Motors, for instance, earned a tidy $2.5m in 1990.

Mr Toshiki Kaifu, the Japanese Prime Minister, fares better than most leaders on this score, taking home Y2,062,280 (£7,962) a month, plus a monthly "adjustment allowance" of around Y170,280. Top that up with a yearly bonus of Y9,223,500 and Mr Kaifu needn't flinch among corporate peers when the lunch bill arrives. Chancellor Helmut Kohl earns around DM300,000 (£106,380) a year (before tax) and ministers about DM250,000. But company chairmen or board members earn more than DM1m.

Italy's national politicians have done their best to make a political career as commercially attractive as possible in comparison with, say, industry.

The managing director of a medium to large Italian company receives a total cash package, before perks of around L170m (£82,200) a year, slightly less than a member of parliament, whose basic pay begins at L180m a year before a very generous system of allowances.

Mr Giulio Andreotti, the Prime Minister, is paid an additional L60m a year as head of government, while Mr Francesco Cossiga, the nation's President, pulls in a healthy L248.41m a year.

Mr François Mitterrand, the French President, while comfortably among the nation's top 1 per cent earners with a monthly salary of FFr35,663 (£3,761) plus bonuses and perks, falls far below France's top 40 company chairmen, who average more than FFr250,000 a month.

British pay – predictably – compares unfavourably. Mrs Margaret Thatcher takes an official salary of just £52,627 plus residences and attendant prime ministerial perks – a sum dwarfed by the captains of British industry and about the level of a clerk in a top city firm.

But – again predictably – behind Mrs Thatcher's modest pay there lies moral spine, since the Prime Minister has eschewed the official prime ministerial salary of £64,257 in favour of cabinet-level pay, in order to set an example to business leaders not to overpay themselves.

Mrs Thatcher is also rather overshadowed – at least financially – by Britain's head of state, the Queen, whose estimated net worth of £7.39bn makes her the world's richest woman, and perhaps the world's fourth richest individual.

To find world leaders in this league it mostly necessary to look beyond the West, to countries where heads of state and heads of government are more commonly identical, and where calculations of their income often owe less to public records than to divination.

Top of any list is the Sultan of Brunei, whose control of his country's oil riches makes him comfortably the world's richest man, with a net worth reckoned at $25bn and annual earnings reckoned to be $1.6bn.

Trailing a little are the oil-rich families of the Gulf, headed by King Fahd of Saudi Arabia (worth an estimated $18bn), Sheikh Jaber al-Sabah, the Kuwaiti ruler ($4.5bn) and Sheikh Rashid Bin Said al-Maktoum of Dubai ($2bn).

In each case, the coffers of country and ruling family effectively coincide, but with the riches go acknowledged civic duties.

Sheikh al-Sabah, for instance, might claim to earn his keep as Kuwait's Prime Minister, Finance Minister, Commerce Minister, chief of security and chief liaison with the oil companies. Establishing the wealth of other Arab leaders is pure guesswork.

The American CIA, for instance, guesses that Mr Hashemi Rafsanjani, Iran's President, may be worth $1bn.

Presidential salaries are state secrets in most of Africa, where leaders' riches and notions of civic duty are rather more loosely associated than in the Arab world.

The wealth of African leaders is often the stuff of fabulous myth, estimable only by recorded instances of fabulous spending.

President Mobutu Sese Seko of Zaire, for instance, has by some estimates a personal fortune of $6bn – and his country a foreign debt of $5bn. (Publicly he admits to a private fortune of $50m.)

Rumours that he carries round the country's GNP in a briefcase are probably exaggerations.

Such African extravagance is not quite universal. In Uganda, one of the rare countries to publish the head of state's salary, Mr Yoweri Museveni, the guerrilla fighter turned president, earns just USh20,000 a month (£31.36) plus minor perks. In such company, poor Mr Gorbachev could perhaps find solace in discovering that his five dramatic years of perestroika – whatever the outcome – may have turned the Soviet leader into a head-huntable commodity.

The Soviet President, according to Mr Philip Burnford of Hay Management Consultants, an experienced judge of top pay, has what it takes. "He's shown he has the ability to undertake major change programmes, he's fairly determined, not to say ruthless – which is often a desired quality," he says.

"There might be a bit of a language problem, but he could probably overcome that."

So, what's he worth?

"I think to a major company like say Mercedes or Mitsubishi, wanting to do business with the Soviet Union, he would be worth an awful lot of money – not less than a quarter of a million pounds a year."

Tempted, Mr Gorbachev?

Reports by Mark Nicholson, Quentin Peel, Lionel Barber, Julian Ozanne, Will Dawkins, Ian Davidson, John Wyles and David Marsh

Courtaulds yarn branch mill cuts will cost 500 jobs

By Alice Rawsthorn

MORE THAN 500 jobs will be lost in Greater Manchester because of the closure of three spinning mills owned by Courtaulds Textiles, one of the largest operators in the European spinning industry.

The closures form part of the continuing rationalisation of the UK textile industry, which has been ravaged by capacity cuts and job losses for the past two years. Courtaulds Textiles, like most of the other large UK-based textile groups, has been struggling against the parallel pressures of intense imports and poor domestic demand.

Courtaulds Textiles – recently detached from Courtaulds, the chemicals and industrial products group, in a demerger – is closing Atlas Mill at Ashton-under-Lyne with the loss of 126 jobs. It has also announced the closure of two mills in Rochdale: Manor Mill, which employs 230 people, and Mars Mill, with a workforce of 180.

Atlas and Manor Mill both produce artificial yarns while Mars Mill spins cotton yarn.

All three mills have been affected by the overcapacity in the European spinning sector and by the difficulties of their customers in the UK weaving industry. A number of weavers have recently gone into receivership, reflecting the competitive state of the market.

Mr Martin Taylor, chief executive of Courtaulds Textiles, said all three mills would need significant reinvestment if they were to continue to compete in the spinning industry. Although the spinning market has stabilised in recent months, he said, the level of demand was not sufficiently high to justify the necessary investment.

Some of the orders for Mars Mill will be transfered to other Courtaulds Textiles' plants, leading to the creation of 40 or 50 new jobs.

The spinning division has borne the brunt of Courtaulds Textiles' rationalisation over the past two years.

The company has reduced its overall workforce by 6,000 to fewer than 30,000 since spring 1988. The spinning workforce in the UK has been more than halved – from 5,500 people in 26 mills to 2,250 in 11 mills – over the same period.

Mr Taylor said the remaining mills were well equipped and efficient businesses that were "well placed" to remain competitive in the European spinning industry.

Lord Young resigns as Tory deputy chairman

By Michael Cassell, Political Correspondent

LORD YOUNG yesterday announced his resignation as deputy chairman of the Conservative Party. He said he had made the decision, which had been widely foreshadowed at Westminster, to concentrate on his business career.

His place will be taken by Mr David Trippier, the Environment Minister, who will retain his ministerial responsibilities. He said that a central aspect of his new job would be campaigning out in the country.

"I am not a politician; I am a businessman," Lord Young said. "When I left the Cabinet it was to go back to business. My business career is accelerating. But when the election comes I shall give what help I can."

Lord Young took up the post last year when he stood down as Trade and Industry Secretary and was replaced by Mr Nicholas Ridley.

His departure, which effectively ends his controversial political career, follows criticism earlier this week by the Commons trade and industry select committee of his handling of the House of Fraser takeover.

Lord Young emphasised yesterday, however, that his decision to step down was unconnected with the committee's criticisms, which he described as "bizarre."

David Trippier (right) who succeeds Lord Young

Difficult choices on global warming

David Thomas and Richard Tomkins on the politics behind cutting greenhouse gases

THE PRIME Minister yesterday switched the focus of concern about global warming. The argument about the danger of unacceptable temperature increases in the next century seems settled. The debate will now centre on how Britain will control greenhouse gas emissions and at what cost.

Only the barest outlines of answers to these questions were suggested by Mrs Thatcher when she opened the Meteorological Office's new climate prediction centre in Bracknell. Her most precise statement was on targets for emissions of carbon dioxide, the main greenhouse gas. She said Britain was ready to commit itself to stabilising such emissions at 1990 levels by the year 2005.

She hedged even that target – Britain would adopt it only if other countries did their share to solve global warming. But the Government is unlikely to withdraw the target, now that it has been announced, especially since other European countries and environmental groups will view it as not particularly demanding.

Even less light was shed on how the target would be met, beyond Mrs Thatcher's statement that acting on carbon dioxide emissions "will mean significant adjustments to our economies: more efficient power stations, cars which use less fuel, better insulated houses and better management of energy in general."

At first sight, recent UK carbon-dioxide trends seem to confirm that stabilisation is not demanding. In 1988, the latest year for which figures are available, the UK sent 158m tonnes of carbon dioxide into the atmosphere, almost identical to emissions in 1981.

However, those stable totals disguise important changes within individual sectors. Emissions from power stations and industry have slowly fallen, reflecting both the decline in heavy industry and a marginal substitution of coal by nuclear power in electricity generation.

The falls have been offset by a steady increase in the amount of carbon dioxide produced by cars and lorries.

In practice, tackling the carbon dioxide issue will boil down to action on three fronts: power stations (responsible for 33 per cent of emissions in 1988); improved energy efficiency among domestic and industrial consumers (jointly responsible for 39 per cent of emissions); and road transport (18 per cent of emissions).

● Power stations. Plans already announced by Britain's electricity industry will mean a sharp fall in its reliance over the next decade on coal – the fuel that contributes most to carbon dioxide emissions from power stations.

Privately, some electricity industry leaders believe that British Coal's natural power-station market is about 40m tonnes a year – almost half that at present.

The new wave of small, gas-fired power stations expected in the 1990s will fill part of that gap, easing the carbon dioxide hazard since gas is a more efficient fuel than coal. However, some British coal will also be displaced by coal imports, yielding no carbon dioxide benefit.

The outlook for the two electricity fuel sources that produce no carbon dioxide – renewables such as wind, sun and nuclear power – is bleak.

The Government and the electricity industry have starved renewables research of cash, while spiralling nuclear power costs have put it under a cloud.

● Energy saving. Sporadic attempts have been made by the Government to boost energy saving through incentives and promotional schemes. Although those have had some effect, by far the most effective way of persuading domestic and industrial customers to save energy is to raise its price.

The oil price increases in the late 1970s, for example, led to a 20 per cent fall in oil consumption in the industrialised countries between 1979 and 1988. Total primary energy used per unit of economic output declined by 11 per cent during the period.

That line of argument has prompted many environmentalists to propose an energy tax – an idea unlikely to appeal to a government preparing for, first, the sale of the electricity industry and, then, a general election.

● Transport. With road traffic expected to rise by between 83 per cent and 142 per cent by 2025, vehicle emissions are a prime candidate for action.

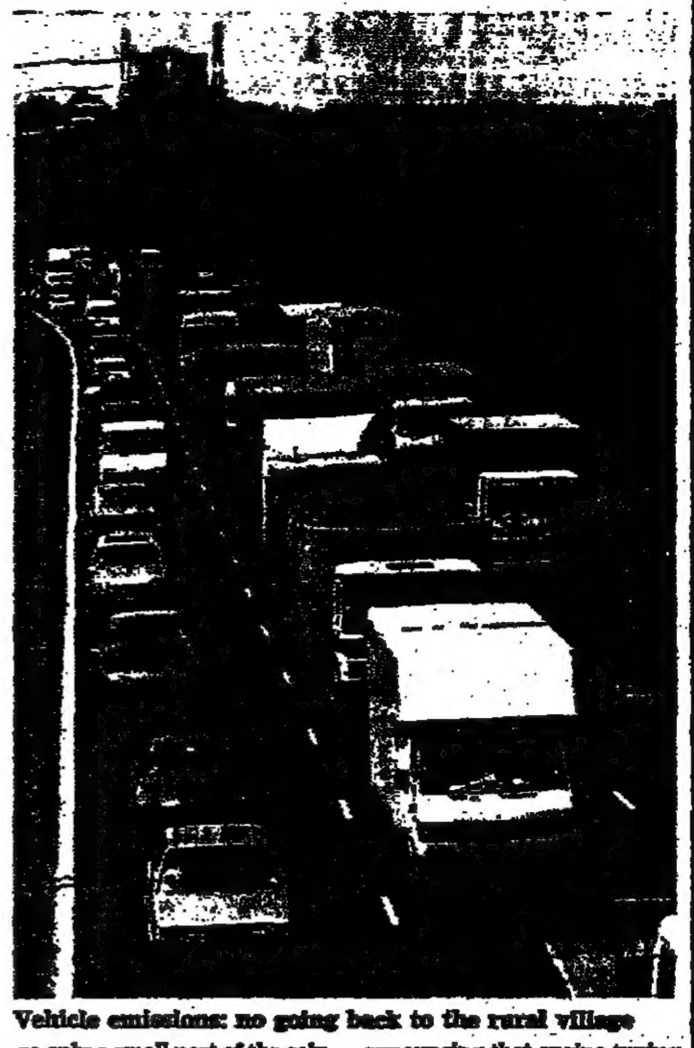
One option is to encourage greater use of public transport, but the Government sees that as only a small part of the solution. Mr Cecil Parkinson, the Transport Secretary, said yesterday that even if the amount of freight carried by rail were doubled, that would still leave 90 per cent going by road.

Another option is to regulate vehicle use by price. Quadrupling the price of petrol would have a salutary effect on car use, but not on the retail price index. Mr Parkinson has also set his face against road pricing – that is, ring-fencing congested areas and charging people to drive into them.

Instead, the proposals most likely to be taken seriously by the Government will be those which concentrate on cutting vehicle emissions. One way of doing so would be to encourage use of smaller engines; another, to make them run more efficiently. Mr Parkinson is believed to be on the point of announcing that engine tuning is to be included in MoT tests.

The Government's thinking is summed up by Mr Parkinson thus: "There is no way we are going back to being a little rural village where the only way to get about is by foot or on a bicycle. The car is here to stay, and what we have got to do is work at ways of civilising it."

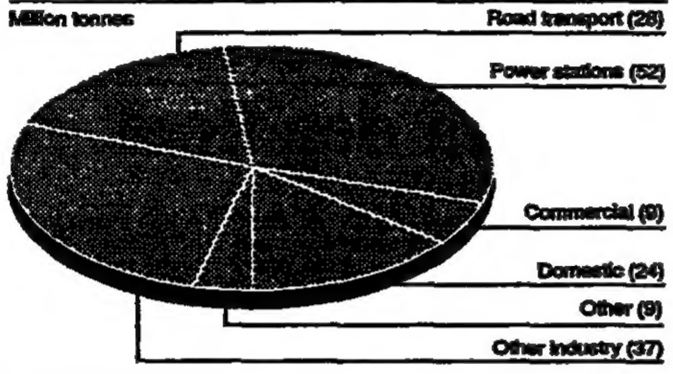
Nevertheless, vehicle emissions remain a likely target, given prospective rates of traffic growth. Still unclear is whether the Government has the political will to dampen down the apparently insatiable British demand for power. An answer to the dilemma – and to whether ministers are prepared to countenance higher energy prices – may have to await the White Paper on the Environment, promised for the autumn.



Vehicle emissions: no going back to the rural village

Carbon dioxide emissions

Million tonnes

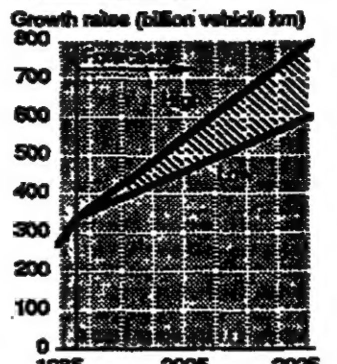


1988 Total = 159 million tonnes

Source: Department of Environment

UK road traffic

Growth rates (billion vehicle km)



Source: National Road Traffic Forecasts high & low based on range of economic scenarios

NEWS IN BRIEF

Petition by companies dismissed

A PETITION by 11 insurance companies alleging that a company administrator acted with undue haste and sold off an insolvent insurance broking business at a "gross undervalue" was dismissed by a High Court judge yesterday.

Mr Justice Millett rejected the companies' claim for a declaration that Mr Tony Richmond, of accountants Peat Marwick McLintock, had acted in a manner prejudicial to the interests of creditors in his administration of Charnley Davies, insurance brokers in Leeds, Wakefield and Hull.

The court order under which Mr Richmond was appointed administrator was the first to be made under Insolvency Act provisions intended to give troubled businesses a chance of survival instead of immediate liquidation.

The judge said the insurance companies, all creditors of the company, were "incensed" by what they regarded as Mr Richmond's "cavalier attitude" towards them and claimed that the £57,500 he obtained for the immediate sale of the company was a gross undervalue.

The judge said the insurance companies had failed to establish that Mr Richmond realised less than the fair value.

The petitioners were: Allstate, Commercial Union, Cornhill, Eagle Star, General Accident, Guardian Royal Exchange, Norwich Union, Provincial, Royal, Sun Alliance and Zurich.

Judgment reserved

MAGISTRATES in Cwmbran, South Wales, yesterday reserved judgment in a test case alleging that B&Q, the do-it-yourself stores chain which is part of the Kingfisher group, had traded illegally in town on Sundays. The magistrates will give their decision on June 11.

CSO assessment

THE CENTRAL Statistical Office points out that it does not make forecasts or projections for the British economy, as suggested in a Financial Times article yesterday. It makes assessments of underlying longer-term trends in industrial output growth.

Ministers dismissive of Bootle defeat

By Michael Cassell, Political Correspondent

MINISTERS yesterday attempted to brush off Labour's solid victory in the Bootle by-election with a concerted effort to attack the opposition's newly announced policies as immensely costly and interventionist.

Labour fears that the party's recent momentum and this week's policy launch might be damaged by the Bootle result were dispelled with the success of Mr Mike Carr, the party's candidate, in securing a majority of 23,517 over the Tories. At the last general election, Labour had a 24,477 majority.

On a low turnout, Labour's share of the vote rose from 67 per cent to 75 per cent and it achieved a swing to it of just under 11 per cent, enough to give it an overall Commons majority in a general election.

The Conservatives' share of the vote fell by more than half, narrowly beating the Liberal Democrats into third place by taking 3,220 votes.

The worst news of the night, however, was reserved for the Social Democratic Party, which polled only 155 votes, coming behind the independent Liberal candidate and Lord David Sutch's Monster Raving Loony (Cavern Rock) Party.

After the SDP's disastrous performance in the May local elections, when it won five seats nationwide, the future of the party and of Dr David Owen, its leader, looks increasingly uncertain.

Earlier this week, Dr Owen indicated that he might decide to endorse Labour's manifesto at the next general election, adding to speculation at Westminster that he might be preparing the ground for a withdrawal from politics.

Mr Neil Kinnock, the Labour Leader, said the Bootle result was proof his party was "on course" for an election victory, although Mr Kenneth Baker, the Conservative Party Chairman, yesterday dismissed it as inconsequential.

Mr Baker warned that the cost of Labour's newly presented proposals would be at the centre of the Tory summer offensive. He added: "Mr Kinnock has committed a major gaffe over Labour's tax proposals. He said that in the first year the rich would pay in excess of £2bn to pay for pensions and other benefits.

"But he cannot do his sums. The Labour plan for pensions and other benefits will cost more than £3bn. This casts serious doubt on Labour's credibility."

Mr John Major, the Chancellor, speaking in Scotland, said a Labour government would have to raise taxes "very significantly" to implement its new policies.

He added: "If they are going to keep their promises they cannot hold the tax rate. If they are to hold the tax rate they cannot keep their promises."

Mr Norman Lamont, the Chief Secretary to the Treasury, commented that Labour's policy document showed the party as still deeply distrustful of private enterprise.

Chancellor again dashes hopes of interest-rate cut

By James Buxton, Scottish Correspondent

MR JOHN MAJOR, the Chancellor, warned yet again yesterday against expectations of an early cut in interest rates.

He told Edinburgh Chamber of Commerce that the Government's tight monetary policy was already "turning a whole series of indicators in the right direction. But not enough of them and as yet not far enough, I am afraid."

He said he was not "in the business of overkill" but he had no intention of giving inflation a second chance. "Although there are plenty of signs that the economy is righting itself, there needs to be a great deal more before anyone should contemplate interest rates being relaxed."

It had become harder to force inflation out of the system because economic successes had "engendered a level of confidence amongst both consumers and industry that is difficult to rein back." That had been compounded by the shortcomings of official statistics.

He said that the weapon of high interest rates was well targeted on the south-east of England, where economic correction was most needed, and was having fewer unpleasant side-effects in Scotland than had been predicted. House prices and average mortgages in the south-east were much higher than in the north.

Looking for socialism in Labour's policy document

THE Labour policy document, Looking to the Future, has nothing to do with socialism. The word itself is hardly mentioned: I can recall its use only once, in "modern democratic socialist", a phrase offered in the introduction by Mr Neil Kinnock, the party leader.

For the rest, Labour is presented as a pragmatic party of the centre, espousing the essence of what its right-wing members of Parliament sought when, on January 24 1981, two dozen of them left to form the Social Democratic Party. It is no longer unilateralist. It is now positively European. It embraces the market economy.

In short, it has become an alternative government, better able to compete with the Conservatives in the next general election than in any of the past three.

It offers attractive ideas in Looking to the Future. Most of them are boiled-down versions of the more verbose Meet the Challenge Make the Change, published a year ago, but a few vestiges of ideological commitment are discarded, and some possible headline-grabbers are added.

This is likely to be repeated before the next election, when a relatively brief manifesto will be drawn up by Mr Kinnock. Perhaps that will leave out the batty promise to purchase enough British Telecom shares to take the Government share above 51 per cent, a pledge that is anyway watered down by "if the public stake . . . remains at 49 per cent".

The principal first-term commitments in a Kinnock manifesto are likely to include: legislation on a minimum wage; improvements in education and training; a freedom of information bill; replacement of the poll tax; and new industrial relations and environmental protection laws. A Scottish assembly will be promised, and the party will undertake to increase pensions and child benefits.

Looking to the Future contains much more than that. Its opening chapter, drawn up by Mr John Smith, the shadow Chancellor, promises a "partnership" with industry rather in the manner of the Conservatives' Mr Michael Heseltine.

Like him, Labour proposes early entry to the exchange rate mechanism of the European monetary system, which might act as back-stop constraint on its ability to raise public expenditure. A monetary framework would theoretically ensure long-term exchange and interest-rate stability. Like Mr Heseltine, Mr Kinnock's party would set up English regional development agencies to match those in Scotland and Wales.

Training and education are to be the centrepieces of a strategy for "creating a dynamic economy." It is apparent that the programme is to be financed largely by real fiscal drag – that is, not reducing taxes as economic growth generates a larger total harvest.

The lowest rate of income tax would fall below 20 per cent and the top rate would rise to 50 per cent, plus national insurance, currently 9 per cent. Mr Smith promises to do all this gradually, to ease the pain. If such measures did not provide enough to finance current expenditure, Mr Smith would limit it; as to capital investment (including training), he would simply borrow.

On the environment, Looking to the Future constitutes a challenge to the Tories to produce something better. Labour would rightly deploy taxes, charges, regulations, bans, watchdog bodies, and whatever is necessary to combat waste, pollution and global damage. It would, however, phase out nuclear power and protect coal, a policy that circumstance may oblige it to reverse as the effect of coal burning on carbon dioxide emissions becomes more deeply understood.

Most of the trade union law of the past decade would be repealed, but the replacement would contain much that Mrs Thatcher has introduced. Ballots before strikes (which I gather will be allowed after strikes begin if there is a "spontaneous" walk-out), limits to secondary action, and the like will be balanced, in Labour's view, by the introduction of a special industrial relations court and a right of unions to be recognised.

These passages show signs of much internal debate; for instance, it is reported that a commitment to limit the number of pickets to six has been lost. The document refers rather lamely to "limited numbers."

If there is a single way of summing up 51 pages of proposals, it is that Labour has produced a set of policies whose broad thrust could only be regarded as objectionable by anti-dirigiste Thatcherites suspicious of the European Community.

The party's ancient penchant for creating new administrative bodies is given too much rein, but for the rest, favour or disfavour are best expressed on a paragraph-by-paragraph basis.

This is the problem. Labour has still not lighted upon a single theme. It has missed the chance to say it promises a more democratic constitution. It could try economic efficiency, though that theme may be difficult to sustain if the economy recovers and Looking to the Future is more closely analysed.

Alternatively, Labour could say it is for making Britain the best in Europe, or it could try to be greener than Mrs Thatcher – a dangerous course. Meanwhile, where "socialism" was, there is now a blank.

Joe Rogaly

Receivers in at builders' merchant

By Andrew Taylor, Construction Correspondent

NEEDWOOD Holdings yesterday became the latest casualty of the building industry recession when administrative receivers were appointed to the company.

Needwood has almost 800 employees and claims to be Britain's seventh-largest builders' merchant. It is the first large builders' merchant to fail since the start of the housing market collapse in August 1988. Previously most receiverships have been among house builders and commercial property developers.

Financial difficulties among builders and contractors have led to a sharp increase in bad debts among merchants, according to the Builders' Merchants Federation.

Merchants, often described as the construction industry's bankers, can have up to £600m of credit outstanding at any one time. Many, the federation said, have been shedding staff and closing branches as bad debts have increased and sales have fallen.

Sales by builders' merchants during the year to the end of March were 6 per cent lower than during the previous 12 months, according to federation figures.

Meyer, which owns Jewson, the country's largest builders' merchant, had made about 750 employees redundant at the beginning of this year. Travis Perkins, another large builders' merchant, has cut about 400 jobs or 10 per cent of its staff, and slimmed its transport fleet.

Needwood was established at the end of 1987 by Mr Peter Aldridge, former chairman and chief executive of Thermalite, a highly successful concrete block manufacturer.

Mr Aldridge attracted a strong City following and in August 1988 raised £38m in equity and loans for Needwood to finance new acquisitions. It included £17.4m from shareholders including Tarmac; CIN, the British Coal pension fund; Prudential Venture Managers; Electra Investment Trust and Ivory & Sime Development Capital.

The company's annual report for the year ending March 31 1989 showed debts of £32.5m against shareholders' funds of minus £1.2m after a £29m write-off of goodwill after a series of acquisitions. Pre-tax profits that year were £600,000 on sales of £43m.

Needwood, however, is thought to have made a loss last year and sales are currently about £90m a year. At the beginning of last year, the company paid £19.75m for 19 outlets of the former UBM chain, operating mainly in the Midlands and north.

Mr John Powell and Mr Christopher Hughes, partners of accountants Cork Gully, which were appointed receivers to the group, said last night they hoped to be able to sell the business as a going concern.

Next names three key managers to its board

By Alice Rawsthorn

NEXT, the retail group, is strengthening its senior management team by appointing three main board directors. They include Mr Andrew Varley, who will become managing director of the retail division, in effect succeeding Mr George Davies, who was dismissed more than a year ago.

The group, which recently reported a pre-tax loss of £46.7m for its last financial year, is struggling against a downturn in consumer demand in the intensely competitive High Street. At its annual meeting yesterday Next said sales were down by 2.5 per cent – on a like-for-like basis – in its shops, while home-shopping sales had fallen by 2 per cent in the opening months of the current year.

Next is still in the throes of a cost-cutting programme, which involves reducing its workforce by 2,000 to about 10,000. It is also selling off peripheral businesses to concentrate on its core activities: Next retailing and Grattans home shopping. The bulk of the cost-cutting is now completed. Next has already sold several companies, although there are likely to be some further small disposals.

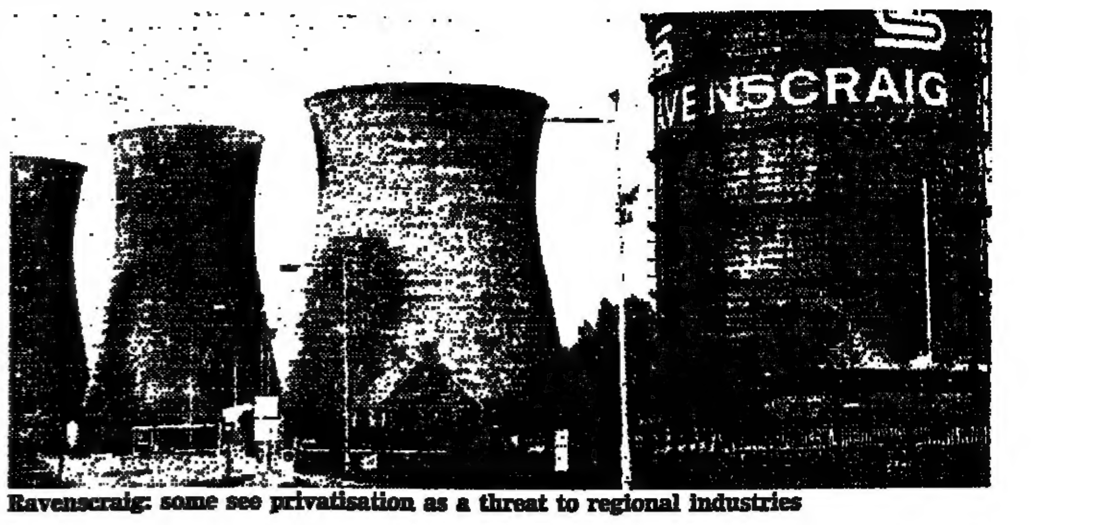
Yesterday's main board appointments form part of that process. Mr John Wallis, 49, responsible for the direct response division – which includes Scotcade – and Mr Michael Bottomley, 44, managing director of Grattans home shopping, are joining the main board alongside Mr Varley. They will retain responsibility for their divisions.

Mr John Whitmarsh, 47, is resigning from the board. As director of warehousing and systems he has been responsible for the development of a new mail order warehouse at Bradford in West Yorkshire, which will be operating fully next month. He is leaving Next to work as a consultant but will remain involved with one of its subsidiaries.

The post of managing director of the retail division has been filled in a "caretaker capacity" by Mr John Roberts, the main board director originally responsible for property and corporate affairs, since Mr Davies' dramatic departure from Next in December 1988.

However, Mr Roberts was never intended to take the post on a long-term basis. He will return to concentrating on his original responsibilities once Mr Varley takes over as the first permanent replacement for Mr Davies.

Mr Varley, 39, joined Next during the Davies era and is presently head of Next Directory, the "designer" home-shopping business. He will retain responsibility for the Next Directory.



Ravenscraig: some see privatisation as a threat to regional industries

Ravenscraig shows a new course for regional policy

Scots feel a sense of betrayal, Hazel Duffy reports

THE CLOSURE of British Steel's strip mill at Ravenscraig marks the end of an active phase of regional policy in Britain.

The sense of betrayal felt by many Scots about the closure raises again the resentment in the north of those who think that Mrs Thatcher has cast them unprotected into the wilderness of the marketplace.

Enthusiasm for regional policy has waxed and waned with governments. It started in the 1930s with the Team Valley estate near Gateshead, where the Government financed factory building to entice manufacturers to the north-east.

After the Second World War, government and industry made joint decisions on the location of industry – the ICI complex on Teesside came about in that way.

In the 1960s, incentives to go to depressed areas were offered to manufacturers in the fully employed Midlands and the south. Some manufacturers, such as Rootes, were refused permission to expand, and the Government put a cap on new offices in London.

In practice, though, the policy had died long before Mrs Thatcher came to power. Politicians in both parties concluded that pushing rather that attracting industry to new locations was an expensive, often inefficient way of creating jobs.

In the 1980s, companies' location strategies were determined much more by factors such as easy access to ports and the growing European market. The Government, meanwhile, cut grants to industry, and made them much more selective.

The fear arising from the planned closure of the Ravenscraig strip mill is that it signals the end to steelmaking in Scotland. The actual number of jobs to go – about 770 – is small compared with the losses that other towns have suffered from the closure of pits, shipbuilding, engineering, and, indeed, other steel plants over the last 15 years.

Underlying Scotland's anger is the perceived neglect of the Scots by London. In contrast, confidence in Wales is riding high, and the north of England and the Midlands are enjoying a period of buoyancy. Closer proximity to the south partly explains the recovery.

The Government's effort to clinch overseas investment – an important plank in regional policy – seems to have worked. But can Nissan and Toyota, Sony and NEC reverse the drift of young people from the regions to the south? In the past decade, migration from Scotland and some of the northern conurbations has been on a worrying, even alarming, scale. Many people took Mr Norman Tebbit's advice to "get on their bikes" and look for work. The economic base in parts of the country was so denuded that inward investment appeared to be their only hope.

Congestion in the south-east is the new hope of the regions as companies, desperately in search of labour, relocate from the south. Ministers are doing their bit by decentralising the Civil Service.

To an extent, this new facet of regional policy is likely to succeed. Manchester, Leeds and Birmingham certainly seem more secure than in the early 1980s. Each is also a regional capital which prospers when the economy is in full swing.

But ministers should not be sanguine at the sight of new and cleaned-up buildings in cities. Inner-city developments will slow markedly over the next few years in the wake of the fall in the property market in the south, and the towns that will be affected most will be those which have the weakest local economy.

The planned Ravenscraig closure exposes another weakness in the Government's regional policy. For as long as British Steel was in state hands, Ravenscraig had a degree of protection. Privatisation pulled the rug from under it.

The sale of other state industries poses a threat so far largely unperceived. The investment in advanced telecommunication, for instance, will be dictated where demand is heaviest. If British Telecom should turn out to be marketled in response to shareholders' pressures, who can blame it? Yet such an approach would contrast sharply with that of France Telecom, which deliberately puts advanced telecommunications into certain areas as a magnet for investment by business.

Governments everywhere overlook their regions from time to time, but a strong system of regional and local government, with determined mayors and local politicians, is the most effective way of making the centre remember.

The British system does not encourage local champions. The concessions are to Scotland, Wales and Northern Ireland. Mr Peter Walker, the former Welsh Secretary, carried out his duties impeccably, winning battles at court, elegantly shrugging off bad news, making the best of good. The more intense Mr Malcolm Rifkind, Scottish secretary, has had a rougher patch lately.

The Labour Party's regional proposals are more radical. They involve decentralisation of government functions to the regions, rather than just the administration. Elected assemblies in the English regions, as well as Scotland and Wales, are a possibility.

They may not be a satisfactory solution to the regions' sense of frustration, and they would involve another upheaval, restructuring local government. Inserting regional interests into legislation on mergers may prove to be more important than new institutions. But Labour is at least to be congratulated for recognising that regional policy can be much more innovative than is currently perceived in the present Government.

Painkiller case can go to appeal

By Peter Marsh

AMERICAN Home Products, a leading US-based pharmaceuticals company, was given leave in the High Court yesterday to go ahead with an appeal in a legal battle concerning Anadin, the company's best-selling painkiller.

The dispute concerns an earlier court decision to allow Johnson & Johnson, a rival US pharmaceuticals group, to register a product with a similar name.

American Home brought the action under the name International Chemical Company, one of its subsidiaries. That company is now called Whitehall Laboratories.

In 1989, Johnson & Johnson was granted permission to register as a trademark its painkiller Inadine in Britain, in spite of opposition from American Home Products.

American Home Products was granted time to appeal against the decision.

The company told Johnson & Johnson's trademark agents in Britain that it intended to appeal.

Drugs will help biotech industry

By Peter Marsh

THE fledgling biotechnology industry in Britain is expected to receive encouragement when two new and expensive medicines become available.

The drugs, erythropoietin and interleukin, are based on naturally occurring proteins and have been made through the use of new ideas in biochemistry. They are already on sale throughout most of western Europe, and are expected to be on the market soon in Britain. However, their use may be limited in the UK by difficulties in gaining funding from the National Health Service.

Both drugs are sold by US companies, and their makers and some doctors say the medicines show promise for the treatment of conditions linked with severe kidney disorders.

Erythropoietin was approved this week by the Department of Health's Medicines Control Agency, which regulates all pharmaceuticals sold in Britain, and a licensing decision on interleukin is expected in the next few weeks.

Erythropoietin is sold in Europe by Johnson & Johnson under a licence from Amgen, another US drugs group. It is used for treating acute anaemia in people on dialysis who have suffered kidney failure.

The drug costs up to £4,000 for a year's treatment, in addition to the £10,000 annual cost of dialysis.

Mr Kenneth Watters, general manager of Cilag UK, a Johnson & Johnson subsidiary, said funding was likely to be an obstacle in Britain. About 700 people are receiving the drug in the UK as part of clinical trials.

Interleukin, developed by Cetus in the US for treating kidney cancer, is one of a new family of so-called biopharmaceuticals which use natural processes in the body to fight disease. The average cost of treatment is about £4,000.

Ruling sought on fee increases

By Peter Marsh

MAKERS OF alternative medicines say their future is threatened by big increases in Government licence fees. The companies will seek a legal ruling on the increases in the High Court next month.

The use of herbal and homeopathic medicines has grown strongly in recent years, and UK sales amount to about £90m a year.

There are about 30 companies selling 4,000 licensed products between them.

Producers of the medicines say that in some cases their licensing costs have increased more than fivefold.

The court action is being brought by two trade associations – the Natural Medicines Group and the British Herbal Medicines Association. They say the increase in fees did not follow the correct legal procedure. The Health Department said it could not comment.

The licensing fees are levied by the Health Department's Medicines Control Agency which no longer uses the annual sales of the company making an application to decide fees. That has had the effect of making a small company pay the same fee for a review of a medicine as a multinational group.

P&O's Zeebrugge manslaughter plea fails

AN OLD BAILEY judge yesterday refused an application to drop corporate manslaughter charges against P&O European Ferries arising from the 1987 Zeebrugge disaster.

In a test case lasting four days, P&O's counsel, Mr Sydney Kentridge, QC, said a company could not commit manslaughter as it did not have a human mind and so could not be negligent or reckless. Only a person could be guilty of such a crime.

Mr Justice Turner ruled against that submission, but postponed giving his reasons until a later date because of the "careful and skilful arguments" presented to him.

The ruling means that P&O European Ferries together with seven former employees will face trial together in September on charges of the manslaughter of victims of the capsized car ferry Herald of Free Enterprise.

Mr Kentridge, applying for the charge against P&O to be dropped, said that in common law manslaughter was the same as it had been for 300 years, "the alleged killing of a human being by another human being."

He added: "In our law a company simply cannot commit manslaughter."

Mr David Jeffreys, QC, prosecuting, said although it was recognised that some crimes such as bigamy and perjury could not be committed by a company, "nowhere is it suggested that an offence involving personal injury comes within these excluded categories."

P&O is only the second company in British legal history to be charged with corporate manslaughter. In the other case, in Glamorgan in 1965, the issue of whether a company could commit the crime was not raised and the company was acquitted.

● A coroner said yesterday he would consider a request by the Director of Public Prosecutions to adjourn inquests into the Marchioness riverboat deaths to avoid prejudicing the trial of a dredger captain. Dr Paul Knapman told the resumed inquest he would inform all parties involved of his decision on June 6.

Captain Douglas Henderson, of the dredger Bowbelle, which was in collision with the Marchioness on the Thames, has been charged with failing to keep a proper lookout.

Education authorities may lose Careers Service

By Lisa Wood, Labour Staff

A CLAIM that the Government is about to take the career and vocational guidance service for young people out of the control of Britain's local education authorities was made yesterday by the Association of Metropolitan Authorities.

Mr Stephen Byers, chairman of the association's education committee, alleged that according to his sources the Government intended to either hand the Careers Service over to the new employer-led Training and Enterprise Councils (Tecs) or they would become an executive arm of the Department of Employment.

Criticism of the Careers Service was expressed last year in a report by the Confederation of British Industry. It urged a review of the service and suggested a number of options for consideration, including giving some responsibilities, such as vacancies and job referrals, to the Tecs.

Mr Tim Eggar, Employment Minister, announced an internal review in early May. He said demographic changes, emerging skill shortages and the need to meet the challenges of the 1990s all suggested that it was an appropriate time to review the present arrangement.

Schemes about to be piloted by the Government, such as giving young people vouchers which they will be able to exchange with employers for training will require young people having access to the best possible careers guidance.

The Department of Employment said that it was wrong of the Association of Metropolitan Authorities to predict an outcome of the review which had no pre-set agenda.

Careers advice and guidance to youths aged 13-18 has been provided by 117 local education authorities since 1973.

The service, which costs more than £80m a year, employs about 3,000 professionally trained careers' officers plus clerical staff. Some services are located on the High Street, others in schools or town halls.

The CBI report, Towards a Skills Revolution, said sound career guidance and advice in schools, further education and employment was central to providing each individual with high-quality personal guidance throughout their career.

It said: "The Task Force is not convinced that careers education and the Careers Service as currently organised and resourced can deliver what is needed despite the considerable efforts which are already made."

Council makes music teachers redundant

By Norma Cohen

BARNSLEY Borough Council has sent redundancy notices to 22 music teachers in a budget cutting exercise designed to meet the effects of poll tax capping.

Mr Trevor Brooks, the district's education director, said that while some of the teachers may elect for early retirement, and some will be found other jobs, several could be made redundant.

The council thus becomes the first of the 19 poll tax-capped districts to make staff redundant.

Mr Brooks said that the borough's decision to close its peripatetic music service will save £181,000 this year.

The borough will instead develop a programme for the performing arts which will include some music instruction. It will initially employ up to six of the redundant teachers, with another six posts to be added in January.

Mr Brooks said Barnsley sent notices to all the teachers in order to fulfil early-notice rules on redundancy.

Barnsley has been forced to cut its budget by £10m, of which £6.6m will come from education spending. The council has set its poll tax at £328. The Government wants it cut to £270.

Mr Dick Boland, a regional co-ordinator for the National Union of Teachers whose members make up about half Barnsley's staff, said the union is seeking urgent meetings with education authorities and will insist that redundant teachers be redeployed.

The NUT has committed itself to a policy of local strikes if teachers are made redundant due to poll-tax capping.

NUS aims to recruit SeaCat crews

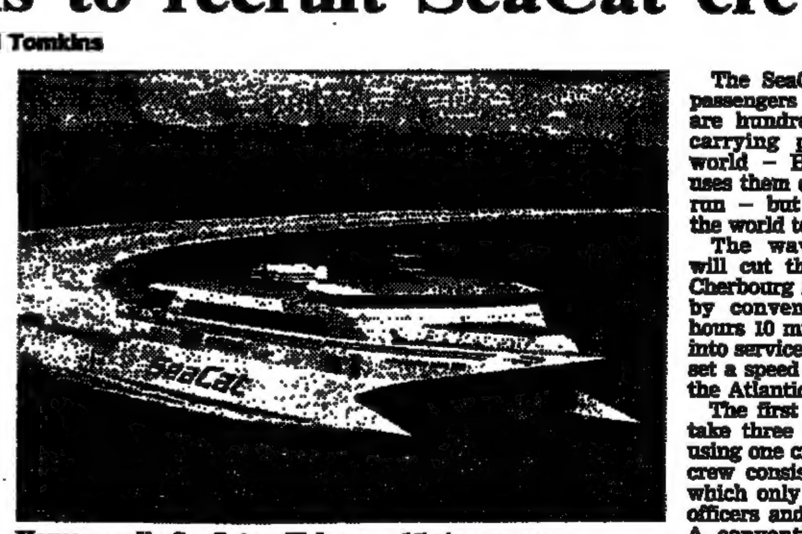
By John Gapper and Richard Tomkins

THE National Union of Seamen said yesterday that it will try to recruit seamen working on a new non-union cross-Channel catamaran service run by Hoverspeed employing crews a third of the size of those on traditional ferries.

Hoverspeed believes the new craft, called SeaCats, will be more economical than either ferries or hovercraft because of lower crewing levels and new working practices. The service is to start between Portsmouth and Cherbourg on June 28.

Mr James Sherwood, president of Sea Containers – Hoverspeed's parent company – said the new craft would be cheaper to run because their high speeds meant they only needed three crews compared with five per ferry and because their 17-strong crews were much smaller.

Mr Sherwood said the craft would also not be hampered by the "restrictive practices" of cross-Channel ferries. Sea Containers has just sold Sealink British Ferries to Stena AB, the Swedish shipping group.



Hoverspeed's SeaCat: will have a 17-strong crew

The company's decision not to recognise a union follows increasing moves away from union recognition on cross-Channel services. P&O European Ferries has not recognised unions for seafarers on its ferries since its dispute in 1988.

However, the NUS said it planned to try to recruit crews after the service started operating and hoped then to reach an agreement with Sea Containers.

The SeaCats will carry 450 passengers and 80 cars. There are hundreds of catamarans carrying passengers in the world – Hoverspeed already uses them on the Isle of Wight run – but this is the first in the world to carry cars as well.

The wave-piercing vessel will cut the journey time to Cherbourg from about 5 hours by conventional ferry to 2 hours 10 minutes. It will come into service after attempting to set a speed record for crossing the Atlantic.

The first SeaCat will undertake three round trips a day, using one crew for each trip. A crew consists of 17 people, of which only three will be deck officers and four deck ratings. A conventional ferry has a crew of about 70.

The first SeaCat will be joined by a second on August 5 to offer five round trips a day in the peak season. Then at the end of the summer, the second vessel will transfer to Dover where it will start work on the Dover-Boulogne route.

Equality inquiry at Barclays dropped

By Our Labour Editor

THE Equal Opportunities Commission yesterday dropped plans for a formal inquiry into recruitment at Barclays Bank after the bank demonstrated that it had taken steps to end bias against women in selection techniques.

The move came after the bank appointed a national equal opportunities manager and altered local recruitment procedures to remove bias against women. It also retrained all its staff directly involved in selection.

The EOC monitored Barclays' recruitment statistics for four years in one of its longest-running agreements with a company. The bank agreed to revise recruitment methods and introduce a comprehensive equal opportunities policy.

Ms Joanna Foster, chair of the EOC, said the commission was glad the bank had shown commitment to the promotion of equal opportunities and had realised that equal opportunities made good business sense.

The agreement between the bank and the commission was reached after a complaint from a head teacher in 1983 that the bank seemed to be reserving managerial jobs for male A level entrants and clerical jobs for female O level entrants.

The final report on the agreement said there was no statistical evidence of sex discrimination except in the bank's Accelerated Training Programme (ATP) for potential managerial staff.

In the ATP programme, there were always more female than male applicants during the four years. In the second two years, more boys than girls were called for interview and "markedly more" were recruited.

The bank is now monitoring the ATP selection techniques after it was shown that candidates who had taken A level courses with a high numerical content tended to perform better in the selection tests used.

Overall, the bank had 49,417 applications in 1987-88. It held 15,744 interviews and made 9,409 recruitment offers.

Safety body warns on farm dangers

By Lisa Wood

UNGUARDED tractor drive shafts that can rip a man's clothing off in a couple of seconds were among the safety hazards found in a blitz on farm safety in north-west England by the Health and Safety Executive.

The HSE yesterday gave a presentation of this and other dangers on farms – ranging from children on tractors to inadequate storage of substances hazardous to health such as pesticides.

Mr Roger Kendrick, the HSE's principal agricultural inspector for the north-west, said farms were second only to the construction industry in the number of fatalities each year. Last year 54 people were killed on farms, including 10 children. The HSE choose to mount a publicity campaign on safety in Cumbria and Lancashire in spring – one of the busiest times in the farming calendar. After warning farmers of hazards it then made 450 spot checks.

Of the 29 offences which have been put forward for prosecution 12 arose from unguarded drive shafts, two from use of chain saws without protective equipment and four from the use of pesticides without a certificate of competence.

Mr Kendrick said it was apparent that few farmers were keeping themselves up to date with new legislation. Few had carried out the assessments and implemented control measures required by the Control of Substances Hazardous to Health (COSHH) Regulations. These came into force in October and address the question of health and not just safety and introduce a regime of control for hazardous substances in the workplace.

Mr Kendrick said accidents on farms depended on the time of the year and the type of farm. He said that in the north-west electrocutions were most frequent in winter, tractors with ploughs over-turned on hillsides in spring, summer found farmers with sheep "dip" in their eyes and the autumn harvest heralded accidents with combine harvesters.

Power workers accept pay offer

MANUAL WORKERS in the electricity supply industry have voted by a strong majority to accept a 10.2 per cent pay offer, writes Lisa Wood.

The overall result from the four power unions was 34,621 in favour and 14,088 against.

The industry employs more than 76,000 manual workers.

Mr Eddie Newall, national energy officer of the GMB, the general union, said: "We knew our members deserved a double figure increase, and the pressures of the poll tax and high mortgage payments meant they needed it."

The result for the GMB, the second biggest union in the industry was 7,315 in favour with 4,010 against.

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Feeling the pain

TO HOLD a nationwide referendum on the case for a market economy in a country whose people have been subjected to decades of anti-market propaganda is, to put it mildly, a high-risk strategy. The irony is that if market economics were put to a test in the West similar to that proposed by the Soviet Government last week, the outcome might be less clear cut than the recent rhetoric of western politicians would tend to imply.

The average Muscovite is reluctant to confront the draconian increases in the prices of basic foodstuffs and fuel that have been proposed by the Soviet Prime Minister Mr Nikolai Ryzhkov; and the predictable response has been panic buying in supermarkets whose shelves are already poorly stocked. But are the instincts of those Russians really so different from those of their American counterparts who are now having to confront the unhappier consequences of Reaganomics?

The guiding principle of US politics over the past decade has been to promise more for the voter at no cost to the taxpayer. Presidential challengers like Walter Mondale who acknowledged the case for fiscal prudence paid a high price in lost votes. The fact is that the US electorate did not want to know and President Reagan had no inclination to tell them. It would not be wholly surprising if historians were to conclude that this cheery lack of concern over America's declining financial position under Ronald Reagan bore a curious resemblance to the malign neglect of the Soviet economy under Leonid Brezhnev.

The large US budget deficit, which is now spiralling out of control again, speaks of the reluctance of the American people to pay for those goods and services which are provided by the public sector – not the least of them being over-generous insurance for depositors in beleaguered thrifts, the US equivalents of building societies. Similarly, the huge trade deficit is the legacy of a boom in which private sector consumption was subsidised by the Japanese and other foreign creditors.

Classic symptom

But while the instincts of East and West may be the same, the adjustment mechanisms are not. The American supermarkets remain full, but credit is beginning to dry up. Externally the weakness of the dollar reflects a recognition by Japanese investors that relative returns in their own economy now look more attractive. Internally the US banks, under increasing pressure from the rating agencies and regulators, are pulling in their horns. This week's news of a sharper than expected drop in new orders for manufactured durable goods looks like a classic symptom of credit deflation. The oddity is that Wall Street has remained so sanguine in the face of powerful cumulative evidence of a slowdown.

Worrying spiral

Paradoxically, slower growth in the US could turn out to be good news for the world at large. For the economic reconstruction of Eastern Europe will require a huge diversion of resources from the West, which will be associated with a sharp reduction in the West German trade surplus. With the Japanese diverting savings back to investment in their domestic economy, the pressure on world inflation and interest rates is potentially great. Against that background slower US growth provides a means of breaking out of the present worrying spiral in global interest rates.

The model of capitalism that delivered a boom under Reagan and an impending slowdown under President Bush is not one which the average American would necessarily wish to sell to the Soviets. The popular distaste for Wall Street, which did so much to overload the US corporate sector with debt, reflects a wider unease with the US ownership and credit structure. And as Britain's trade figures underlined once again this week, it is the English-speaking countries with very liberal financial markets that have an endemic tendency to run into deficit, while their open capital markets appear also to incorporate a faulty set of incentives in relation to investment in productive assets. In contrast, the West Germans and Japanese, with their absence of predatory takeovers, appear better equipped to foster innovation.

But product markets provide a far more powerful discipline than ownership. And the single most important ingredient of the success of the German and Japanese economies is the intense competitiveness that prevails in their export sectors. It is lack of competition that so signally ensures the shoddiness of so many Soviet and eastern European products.

Nobody votes readily for increased competition because, like radical policy change, it creates losers as well as winners. But in the end a western voter – or, for that matter the British Labour Party, in its new campaign document this week – instinctively knows when the time for spurning the medicine is over.

The controversy over immigration to Israel has raised fears of conflict, write **Hugh Carnegy** and **Tony Walker**

The war that nobody wants

President Hosni Mubarak of Egypt is a cautious man, not given to hyperbole or extravagant gestures. So when he warned this week of the dangers of another Middle East war, it was time for the world to take notice.

By stating on Tuesday that the controversy over the immigration of Soviet Jews to Israel threatened to "put the whole region on the verge of a new bloody confrontation", Mr Mubarak was merely echoing a fear that has spread with remarkable speed through the region recently.

As Arab heads of state prepare for an emergency summit meeting on the Jewish immigration issue in Baghdad next week, recent talk of peace seems to have evaporated and to have been replaced by calls for a revival of the military option. Many in regional capitals feel that Arabs and Jews are drifting inexorably towards open confrontation, that the patterns of the past are repeating themselves.

The alarm bells have been sounding particularly loudly as a result of this week's violent convulsions in Israel and the Israeli-occupied West Bank and Gaza Strip, triggered by Sunday's mass murder of seven Palestinians by an Israeli gunman. But talk of another Arab-Israeli war had become common in Israel well before the latest trouble. Government officials do not accept the alarmist view that another conflict is inevitable. But even they agree that several factors – including the immigration question and frustration surrounding the Palestinian *intifada*, the 30-month-old uprising in the Israeli-occupied territories – have combined in recent months to create new instability.

To make matters worse, Arab moderates' hopes of progress towards peace talks under American auspices have collapsed, largely because of obstructions created by a politically-paralysed Israeli government. "When you don't have a peace process," observes Ambassador Tahsin Bashir, a former spokesman for the late Egyptian Presidents Nasser and Sadat, "there is nothing to help absorb the tensions. This can only encourage the extremists to take over."

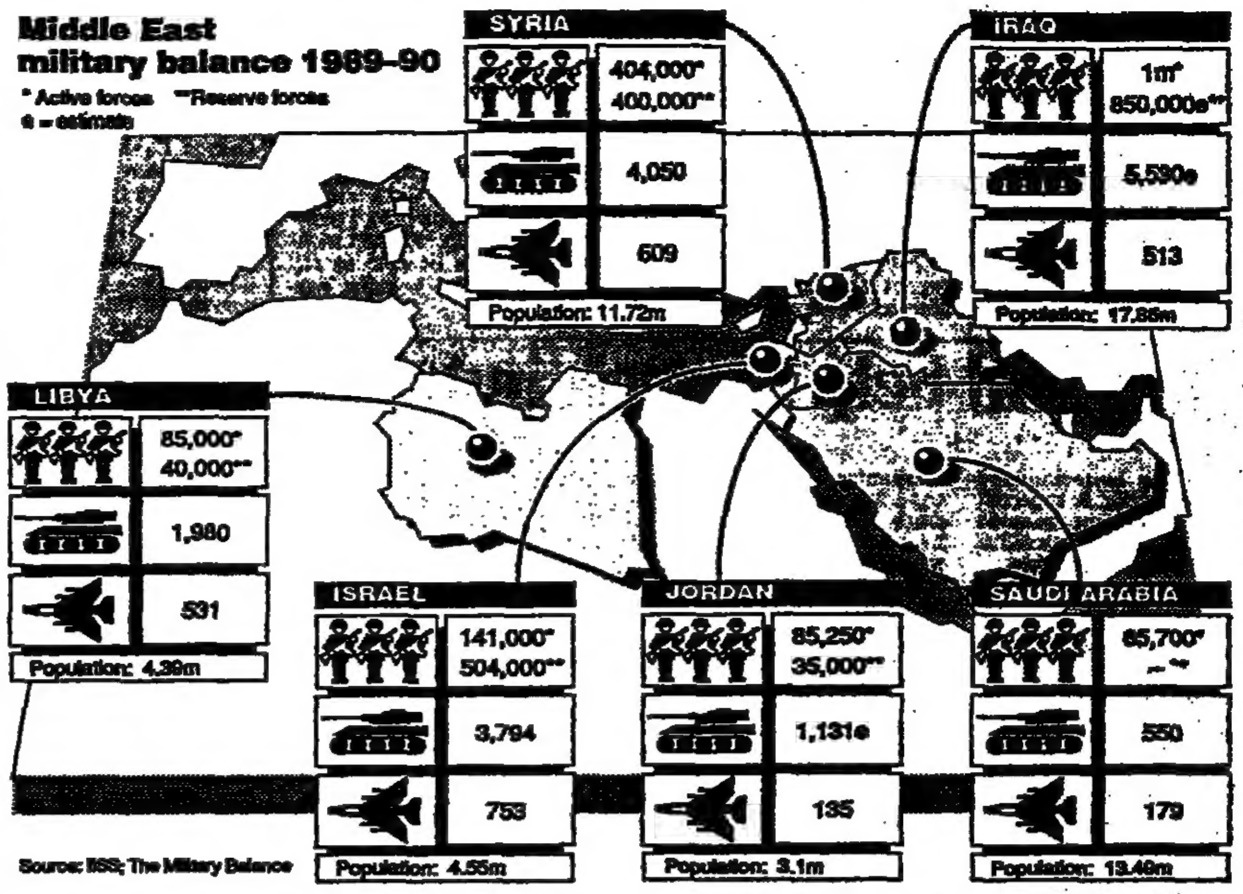
It is not that either side wants a war. The worry is that, as has happened on previous occasions, Arabs and Israelis may talk themselves inadvertently into war. "We don't want to create an atmosphere of imminent war, because that in itself can cause a war," said one Israeli official.

Today's tensions evoke powerful echoes of the past. For many Arabs, the present wave of immigration, which if it continues unabated could take Israel's Jewish population to 5m by the end of the century, reawakens memories of 1948, when the Jewish state was first forged in the fires of war, and 1967, when it vastly increased the territory under its control. There is a widespread perception – and in the Arab world, perception is often more important than reality – that Israel is carrying out the second stage of a plan to consolidate its hold on all the territory between the Jordan river and the sea.

"Now we are living in the same stage, the same story, the same act as 1947-48," says Mr Mahmoud Riad, who served as Foreign Minister under President Gamal Abdel Nasser.

The Israelis, in contrast, see in the Arab outcry over Jewish immigration a reflection of what they believe to be a deep-seated Arab refusal to accept the existence of the Jewish state.

Mr Joseph Alpher, deputy head of Tel Aviv University's Jaffee Centre for Strategic Studies, says that for much of the past 20 years, residual Arab hopes of defeating Israel have rested on the "demographic weapon" – the idea that the Palestinians of the occupied territories, with their more rapid population growth, will eventually outnumber Jews. "All of a sudden, that's been shattered. I think this explains their fury and genuine surprise on the issue. It could fuel Arab thinking that maybe they could go back to the military option."



Source: IISS; The Military Balance

There can certainly be no mistaking Arab frustration over the immigration issue. And one man in particular has provided a focus for such frustration, the Iraqi ruler Saddam Hussein.

Since the end of the Gulf War in 1988, President Saddam has become an increasingly powerful figure in the Middle East. Like Nasser of Egypt a quarter of a century ago, he harbours ambitions of imposing his will on Arab councils. Unlike Nasser, he has a strong and battle-hardened army – and a frightening array of weapons of mass destruction – to back them up. His recent crude threat to scorch half of Israel if attacked alarmed the Israelis – and struck a chord in the Arab streets.

"Listen, listen Saddam, the voice of the Arab people will not be silenced," chanted young demonstrators on the streets of the Jordanian capital Amman this week. The chants were an ominous warning to such Arab moderates as Mubarak of Egypt and King Fahd of Saudi Arabia that a new restlessness is abroad in the Arab world.

The Palestine issue is merely one among many cross-currents swirling about the Middle East. Terrible economic pressures fed by the population explosion in the arc from Morocco to Syria, resurgent Islamic extremism tinged with anti-Americanism in countries such as Egypt, frustrations among the young over lack of employment opportunities, mass alienation from the political process – all this threatens convulsive change throughout the region.

"The confluence of all these things makes people edgy," says Saad el-Din Ibrahim, a Professor of Sociology at the American University of Cairo and one of the Arab world's foremost thinkers. "The situation will be hard to contain in the absence of a big, decisive step such as genuine progress towards peace that halts the deterioration. It's like a Greek tragedy. Everyone knows its going to be terrible, but this region has a track record of getting into wars that nobody wants."

Things are not made any easier by the present political impasse in Israel.

The alarm bells have been sounding particularly loudly as a result of the violent convulsions in Israel and the Israeli-occupied West Bank and Gaza Strip, triggered by the mass murder of seven Palestinians by an Israeli

The country has been split down the middle for some years over how to handle the Palestinian issue. But since March, when the fractious coalition between the Likud party of Mr Yitzhak Shamir and the Labour party of Mr Shimon Peres broke up leaving Mr Shamir in charge of a caretaker administration, it has been more paralysed than ever. As a result of this, and of Mr Shamir's refusal to accept US terms for starting talks with the Palestinians, there has been no progress towards peace talks. Instead, Mr Shamir has been stepping up efforts to settle Jews in the occupied territories and is endeavouring to set up a hardline government based on the support of small extremist parties.

The US, for all its huffing and puffing about the dangers of Jewish colonisation of the occupied territories, has been powerless to put pressure on Israel; indeed Arabs blame Washington for helping to underwrite the mass migration of Soviet Jews to the country with a $400m package of assistance.

Against this background, many Arabs feel that only through military might will they contain Israel and prevent what they regard as the most immediate threat to their security: that Israel's right-wing will seek to make good its vow to turn Jordan into Palestine by pushing the Arab population of the West Bank across the Jordan river.

Next week's Arab summit will be a contest between two schools of thought: one embodied by Mubarak who believes in careful, patient diplomacy, and the other by Saddam Hussein who is by nature a confrontationist. If the deliberations among Arab Foreign Ministers in Baghdad this week are an indication, the summit is likely to tilt towards Saddam.

Ismail Fahmy, a former Egyptian Foreign Minister under President Sadat, believes that the Baghdad summit should focus its energies on issues of national Arab security. "Unless we redress the balance of power between the Arabs and Israel we have no hope," he declares. "The Arabs have to stop talking and have to work. We have to make the gap (with Israel) shrink. We have to co-operate to secure the weapons and the technology necessary not to have a war with Israel but peace – from a position of strength not weakness."

Such sentiments are uncomfortable for the moderates, for they know that in a highly volatile region talk – and more particularly, demagoguery – can lead quickly to action. That was precisely what happened in 1967, when Nasser blustered his way into a war that was deeply damaging to Arab interests.

There is little doubt that another war now would be even more disastrous. The balance of forces is still weighted heavily in favour of Israel, with its deterrent nuclear capability and its war-tested defence systems. Arab divisions have long impeded military co-ordination. Talk in regional capitals of reviving the eastern front of Syria, Iraq and Jordan – much feared by Israel in the past – is not much more than a pipe-dream at this stage, thanks to the bitter enmity between President Saddam and President Hafez al-Assad of Syria.

Iraq's threat to burn half of Israel with binary chemical weapons, if attacked, has certainly added to fears of fresh conflict, but Israel's awesome capacity to retaliate is seen as a sufficient deterrent; unless, of course, the two sides are bent on mutual destruction.

There are also important differences between the situation now and that which prevailed, say, in 1967. For one thing, Israel now has a peace treaty with Egypt. Acceptance of Israel's existence may not have been publicly stated by many Arab states, but it has by the Palestine Liberation Organisation, in whose cause they would be fighting. Israel also takes comfort in the perception that the changes in the Soviet bloc have removed the vital east European political backing Arab countries received in previous wars with Israel.

Significantly, Israel has in the last month sent discreet messages to Iraq via Egypt and other channels seeking to reassure President Saddam that Israel does not plan any provocative military action along the lines of its pre-emptive strike against Iraq's Osirak nuclear reactor in 1981.

On the other hand, the spread of weapons of mass destruction scarcely enhances the stability of the region. Iraq's ability to strike at Israel's heart with a variety of missiles has raised the stakes in the strategic game; there is no foolproof defence against missile attack, and a "missile war" like that waged by Iran and Iraq would be highly damaging to Israel with its vulnerable and closely-packed population centres.

Iraq is thought to be still some years away from acquiring a nuclear weapon of its own. But its chemical weapons – used extensively in the Gulf War – and long-range missiles are a big threat.

Underlying these concerns is the perceived unpredictability of President Saddam. "His own people sitting round the table with him don't know what he is going to do next week, so you can see we have a problem knowing what he is going to do," said an official familiar with Israeli military thinking.

While Arab spokesmen might argue that their aim is to achieve a balance of deterrence in the region to achieve peace there are fears that this rational goal may be subverted.

"When you apply a deterrence strategy you have to be highly rational," says Mr Gihad Odeh of Egypt's Al-Ahram strategic studies centre. "But that's the problem with the Arabs. That's the danger. One day, they say deterrence, and then they find a force in their hands, and they start fighting. Deterrence is a very tricky game."

The danger of renewed conflict and instability is likely to persist for as long as the central question – the future of the territories – remains unresolved. And that in turn depends on the Israeli body politic overcoming the split which has increasingly paralysed it over the past 20 years.

MAN IN THE NEWS

Alan Clark

Licensed to stir things up in Defence

By Malcolm Rutherford

Handsome, clever and rich, the Honourable Alan Clark is one of the most attractive members of Mrs Thatcher's Government. So much so that it is surprising that relatively little is heard of him.

That may be about to change. The Economist last week carried a story about possible fundamental shifts in Britain's defence policy. Although the leak almost certainly did not come from him, the man behind the new thinking is Mr Clark.

The significance of his move to the Defence Ministry as Minister for Procurement in the Government reshuffle last July was not generally recognised at the time. One of his tasks was to look at what can be done in the way of restructuring – Mrs Thatcher's euphemism for a defence review. In the vernacular, she asked him to stir things up.

Mr Clark is certainly doing that. If his views prevail, the British Army on the Rhine will be reduced to a token force, the country will go ahead with the acquisition of all four Trident submarines and there will be highly paid crack troops able to intervene around the globe.

There will also be sizeable financial savings: perhaps £2bn a year at the start, and then rising. Mr Clark thinks that British defence spending has long been out of whack with the country's ability to pay for it. He is equally insistent that changes in strategy and spending must go together.

You can only change the shape of defence strategy every 20-30 years, he says. The now Sir John Nott had a shot at it in the early 1980s, but was pre-empted by the Falklands War.

Mr Clark thinks that the Nott strategy would have locked Britain into the European land mass: understandable perhaps in the aftermath of the Soviet move into Afghanistan, but wrong in the long term.

It was Mr Clark's enthusiastic support for the recapture of the Falklands in 1982 that helped to bring him to Mrs Thatcher's attention. Possibly she should have spotted him earlier, for he is one of her most dedicated supporters and his interest in the military history of the 20th century was already well established.

Mr Clark is the son of the art historian who became Lord Clark and is sometimes remembered as Lord Clark of *Civilisation*, after the programmes that brought art history to television.

The young Clark, now 62, describes himself as loaded with privilege and money, surrounded by beautiful objects, and therefore not terribly typical. Still, in a way, he has had to struggle, even if recently – he admits – his life has been filled with lucky breaks.

He loathed Eton, but loved Christ Church, where his tutors were the now Lord Blake and Lord Dacre (formerly Hugh Trevor-Roper). Between school and university he enlisted for the armed forces on his 17th birthday. He likes to think that the only reason why he was not commissioned was that the war was over so shortly afterwards.

There was never any need to work for a living. Mr Clark became a barrister, but sat at the feet of Basil Liddel Hart, learning about military strategy. After considerable research, Mr Clark produced a book called The Donkeys, which was highly critical of the generals in the First World War. It was the inspiration of Joan Littlewood's *Oh, What a Lovely War!* at Stratford East.

A Diary item in The Times in April 1968 revealed that he was going into politics, largely because he was unhappy with the Labour Government of the day. But it was not until 1974 that he won Plymouth Sutton, a suitably naval seat, for the Tories at the age of 46.

Mr Clark says that he always wanted to be a Defence Minister, but he arrived by a circuitous route and it took time. Mrs Thatcher made him a junior minister at Employment in 1983 – after his support for her conduct of the Falklands campaign. He learned a lot, particularly about the civil service and the House of Commons. When he had to put through a trade union reform Bill, the Labour Party put up against him John Smith, Gordon Brown and Tony Blair – the best that Labour had to offer. Mr Clark enjoyed the contest, and won.

Mrs Thatcher promoted him to Minister of Trade, an area where he has protectionist tendencies. He travelled a lot and learned about the ECGD, which provides funds for British exports, including arms. That was one of the reasons why Mrs Thatcher made him Minister of Defence for Procurement. Another is that she had come to admire him as an iconoclast after her own heart.

Mr Clark is not a rival. His devotion to the Prime Minister is absolute. He thinks that she has "bagged enough gratitude to last for ever", even if she loses the next general election.

He often uses words like "bagged". He has a passion for old cars. This brings out the "Mr Toading" in him, he says. Of colleagues who were once in the running for the Tory succession, he says they have gone "motoring off" – implying somewhere into the void.

He also still writes. Government ministers nowadays are discouraged by the Cabinet Secretary from keeping a diary. Mr Clark appropriately keeps a journal, into which he jots the odd thought and recollection.

There is a streak of romanticism in him. At weekends he retreats to Sutherland where he has 27,000 acres of pure wilderness and very few people. Every Monday morning he says he kicks against the idea of being back in London, though equally he would hate to lose his job.

He is almost a vegetarian, but without parading it. He thinks that it comes from his care for animal welfare, and calls it his "green side". He is opposed to blood sports, in favour of capital punishment and against abortion.

His father was a late convert to Roman Catholicism. Mr Clark says with some diffidence that he is a LeFevrist: he would join the Church of Rome if the mass were still in Latin. Meanwhile he sticks to the Church of England, taking Communion whenever he can. He avoids matins and sermons, having what he calls a low boredom threshhold.

But he is not bored by defence. Mr Clark is now in his element. Some far-reaching decisions will have to be taken by the end of this year's public expenditure review in the autumn. Mr Clark says that a great deal of work has been done in the last six months and admires the way the civil service has helped him. The Prime Minister has clearly had an oversight.

The debate is coming into the open. The Minister for Procurement would not like to have a fight with his superior, Mr Tom King, the Defence Secretary, who has not yet made up his mind. On the other hand, the stakes are very high. Mr Clark would like to succeed in a civilised way.

A leopard with the marks of a bear

Nikki Tait talks to Sir James Goldsmith, right, about takeovers and his options for the 1990s

Sir James Goldsmith chewed on his half-moon spectacles and made a surprising confession. "I've been proved wrong about a lot of things in the past 18 months," he admitted.

The Anglo-French financier even wanted to elaborate. Stressing that he currently tends to be bearish about stockmarket levels, Sir James joked that this was a sure-fire sign that prices would rise. "I was right until July 1987. On the whole, I've been wrong since. So I look at my judgement with a considerable pinch of salt."

But this was the benign Sir James, abashed by his BAT defeat. For an afternoon at least, he was playing the *éminence grise*, lashing the role with mellowness and elaborate courtesy. Could we move on from his requested subjects to some broader issues? Time, he signalled, was no object.

And as for further takeover ambitions: "To tell you the truth, I'm almost retired. In fact, I thought I was until I got caught back in. It's the idea that interests me more than the rest." He repeated the assertion three times.

This is the point at which the world – and journalists, in particular – should probably be wary. There were enough evaded questions, feints into long flamboyant speeches, and even the occasional burst of rhetorical tub-thumping, to suggest that the leopard has not changed its spots.

The performance shows little sign of wear and tear. Sir James may not be making a lot of money on the UK corporate stage at the moment, but as provocative theatre, he will always offer value.

Some of his themes were familiar. The spate of casualties arising from the 1980s rapacious takeover scene, for example, has not dimmed his enthusiasm for the process. "I've tried to analyse what was happening in the 80s, tried to make the distinction between good takeovers and bad ones. It's the usual thing – the early ones worked rather well, the late ones went crazy.

"But I still think takeovers are a valid system. I believe debt can be used, but only as a transitory item. The concept is to borrow short term, as bridging finance. That's in contrast to borrowing to repay out of a lot of theoretical computer runs over 20 years.

"After all, what other methods are there? Everyone looks and says Germany, the banks. But if you think the commercial banks in the UK are capable of running the whole of British industry . . . it'd be a tremendous tragedy. They don't even run the banks terribly well. I wouldn't invest. So I don't think that's the solution.

"And then there's this wonderful desire to involve institutions. But what is the real reason why people want institutions to do it? Because basically, they realise this blasted capitalism is the right system, hate having to admit it, hoping we can have capitalism without capitalists.

"So if we could only hand over capitalism to a bunch of faceless folk out there, wouldn't that be lovely? We'd get the benefits of capitalism, without the irritation of capitalists." Sir James laughs, before adding a few caveats about how responsible institutions usually are, and acknowledging that they do have a limited role to play.

Other theses, on the other hand, have been updated. Sir James now extols the virtues of basic industries – which have long since captivated his old friend, Lord Hanson, and to which he himself has been no stranger in the past.

"The 80s," he declares, "was a period of Gucci bags and Hennessy brandy, electronic toys for the slightly rotting rich of the slightly rotting powerful countries."

Not so, the 1990s. "I think the opportunities are quite different: the opening of the big, poor, but potentially growing markets. Like China, where I've just come from, eastern Europe, Latin America, India. And if you believe this is the opportunity of the 90s, you will believe in basic products."

All of which, in the Goldsmith gospel, has some bearing on the unhappy investment which he and his allies have made in Ranks Hovis McDougall, the British food and bakeries group. The Goldsmith-Packer-Rothschild trio acquired a 29.9 per cent stake at 400p a share; yesterday, and in the wake of a profits warning earlier this week, RHM shares were trading at 361p. That means a loss of £40m, before allowing for financing costs or dividend payments.

Sir James stresses that relations with RHM are cordial, and says he will make no criticism of the management. But his thrust is that the group's core milling and baking business should exploit expanding opportunities in Europe, especially in the East. This, moreover, could be done at the expense of the grocery and general food divisions.

RHM, by contrast, has been hinting at acquisition possibilities in continental Europe and the US.

"I happen to love RHM as a business for the very reason that everyone hates it," says Sir James warmly. "Because it's in basic products. But I can't get that view across – it's not fashionable."

And with that theory, Sir James neatly side-steps any accusations that his formidable presence on the share register may be stymying the company.

What are his options? "Patience is one," he replies. So what is his next step? "I'm still trying to persuade RHM of the validity of what I am saying. Maybe one day I will. Maybe one day the institutions will come and say, 'What do you think we should do?' I'd love them to."

Unprompted, Sir James suddenly snaps from the seemingly fanciful to the engagingly realistic. "Suppose I make a bid," he hypothesises. "You know what the reaction will be? The first day, there'll be: 'Thank God, there's been a bid'. The second day: 'The bastard's trying to cheat us. He's using one bad year, when the weather was bad and he's being opportunistic.' And I wouldn't get it. That is the truth of the matter."

One might wonder how possible the funding of significant leveraged break-up bids is in today's wary climate. Sir James is phlegmatic. "Debt finance is much more difficult, which is a good thing," he concedes. "You'd need more equity, and if it was was going to be an unbundling exercise, you'd probably have to have some pre-sales first."

So is the Anglo initiative – the original vehicle for Goldsmith's return to the UK takeover trail – looking elsewhere? Not at this moment. I'm a bear, as I told you."

Paul Betts and Paul Abrahams on the problems faced by small independent airline carriers

Survival of the fattest, not the fittest

A recession, Sir Adam Thomson of British Caledonian once said, is when you have to tighten your belt. A depression is when you have no belt left to tighten. And when you lose your trousers you know you are in the airline business.

His remark is as apt today as it was two years ago when he was struggling to save his airline from the clutches of British Airways. The past few months have been tough for large airlines, but especially bad for smaller independent carriers. Several of them have already lost their trousers.

Three UK charter airlines, including British Island Airways, Paramount Air and Novair, have ceased trading. German Wings, the Munich-based independent carrier, has filed for bankruptcy barely a year after starting operations. Britannia, the UK's largest charter carrier, has just announced a restructuring involving 250 job cuts.

"British civil aviation is passing through the most difficult and uncertain climate it has ever had to face," says Mr Graham Hutchinson, the managing director of Dan Air, the airline owned by Davies & Newham Holdings, which recently reported a pre-tax loss of £3.34m and announced it was looking for a strong partner. Air Europe, the airline owned by Mr Harry Goodman's International Leisure Group, has also been seeking partners.

Running a small airline has always been a high-risk affair, especially for companies heavily reliant on the big-volume low-margin holiday charter business or for those trying to break into the scheduled airline market.

But smaller airlines have also been facing a host of new problems. Competition from large carriers has intensified as big European national airlines and aggressive and expansionary-minded US and Asian carriers have been jostling to position themselves ahead of European air transport liberalisation in 1992.

The European independents are haunted by the lessons of the US industry. Ten years of deregulation in the US have seen more than 200 airlines disappear or be absorbed by a handful of powerful giants. Many second-tier airlines such as Dan Air, Air Europe or British Midland have had high hopes of exploiting European air transport deregulation to expand their scheduled service activities. But they are now becoming increasingly worried that by the time 1992 arrives, the industry will have become so concentrated in the hands of a few giant partnerships that there will be little room left for them.

Glyn Genin

Air Europe, owned by Mr Harry Goodman's International Leisure, has been seeking partners

Mr Michael Bishop, the British Midland chairman, has been campaigning recently against what he sees as a growing risk of dominant European carriers trying to put smaller airlines out of business. He still has vivid memories of the way Sir Freddie Laker's budget transatlantic airline was squeezed out of the market by the big boys. "I won't let it happen to us," he says.

He is particularly opposed to BA's plans to team up with KLM Royal Dutch Airlines in the new Sabena World Airlines venture in Belgium as well as Air France's alliance with Lufthansa. BA's 20 per cent investment in the Belgian airline is being investigated by both the UK Monopolies and Mergers Commission and the EC, which is also looking into the Air France-Lufthansa agreement. "The Commission has six weeks to show its teeth," he says.

But Mr Bishop has also secured for his airline a strong partner by selling a 25 per cent stake to Scandinavian Airlines System (SAS), which has been active in forging strategic alliances in the US with Continental Airlines, in Europe with Swissair, and in Asia with Thai International.

Mr Jan Carlzon, SAS chief executive, believes Europe will be dominated by about five main airline combinations to compete against Far Eastern and US carriers. Smaller carriers will probably have to join one of these European airline clubs if they are to survive in the longer term. The alternative is to be absorbed by a bigger group. "What worries me is that 1992 could turn out to be the survival of the fattest and not of the fittest," Mr Carlzon says.

Mr Lofti Belhassine, managing director of Air Liberté, the small French airline, echoes these concerns over the recent acquisition by Air France of UTA, the long-haul private French airline, and Air Inter, the French domestic carrier. "What the French Government risks doing in allowing the Air France-UTA takeover is the creation of an organisation which is the equivalent of Aeroflot and Intourist rolled into one," he complains.

The pressure of rising costs as well as increasingly scarce take-off and landing slots at key European airports are making the going even rougher for smaller airlines. Fuel and labour costs have also been increasing.

But not all the smaller operators take a pessimistic view. "There is room for certain carriers to do certain things and succeed," says Mr Patrick McGoldrick, the managing director of Ryanair, the small Irish airline started four years ago by the Ryan family.

The airline was under severe financial pressure when Mr McGoldrick was brought in last year, racking up losses of I£7m. His recovery strategy has entailed building up a broad spread of services to regional airports in Ireland and investing in new activities with good long-term potential.

The Irish Government also gave the small airline a big boost by reserving for it the Irish rights on the Dublin to Luton and Stanstead routes while giving Aer Lingus, the state carrier, the rights on the Dublin to Heathrow and Gatwick services. Mr McGoldrick says the Irish authorities felt Ryanair had helped to inject more competition in Irish-UK air services, driving prices down and increasing flight frequencies.

None the less, many independents believe there will still be opportunities for smaller airlines to seize in Europe. "There is plenty of room for small niche players operating as feeder airlines," says Mr Alexandre Couvelaire, head of the French Eurolair airline charter company. "The danger," he adds, "is when smaller airlines become over-ambitious. Remember La Fontaine's fable about the frog and the ox. The frog tried to imitate the ox, by puffing himself up until he exploded."

LETTERS

The real question about Ravenscraig

From Mr Campbell Christie.

Sir, Your editorial comment on the steel industry ("The strip mill saga," May 17) does little to assist your paper's authoritative reputation.

It is true that politics has played its part in the geography of the steel industry – it has in every country in the globe, including newly industrialised countries like Brazil, which are now threatening the market of European producers. It really is time to lay the myth that government intervention is automatically bad.

You recognise the importance of investment in determining the future of plants. Ravenscraig's problem is precisely that it has been starved of essential investment for the past decade. Even marginal cost investments – for automatic roll changing gear, for example – have been denied, despite the enormous impact they could have on productivity.

The only conclusion that can be arrived at is that British Steel's management has been lining Ravenscraig up for closure for years, and has deliberately starved the plant of investment to make an irrational decision appear rational. Despite all this, the Ravenscraig workforce continues to achieve better man-hours per tonne figures than any other steel plant in Europe.

The real question which directors, shareholders and government ministers ought to be asking, is why is Sir Robert Scholey determined to shut Ravenscraig?

It produces the highest technical specifications of steel, many of which can be produced at no other British plant. It has the unique flexibility to produce slabs for strip or plate products. It has a committed workforce whose voracious appetite for breaking productivity records should earn them a place in the Guinness Book of Records.

Surely an entrepreneurial company, on the eve of 1992 and with east European markets opening up, should be preparing to expand its market share in high value-added but small-batch steels – especially when they are sourced at a plant with a workforce whose loyalty has been as widely admired as Ravenscraig? But no, it would appear that British Steel is happy to walk away from quality steel production, forcing British manufacturers to import.

Over the coming weeks the Standing Committee for the Defence of the Scottish Steel Industry will be putting together, in accessible form, the case for the retention of Ravenscraig. I look forward to reading less ill-informed editorials in future.

Campbell Christie,
General Secretary,
Scottish Trades Union Congress,
Middleton House,
16 Woodlands Terrace,
Glasgow

Election results: seats and votes

From Mr John Hollis.

Sir, Jeff Rooker's complaint (Letters, May 19) that information on the number of votes cast in the local elections is almost impossible to obtain is incorrect, at least as far as London is concerned.

The London Research Centre (LRC) and its predecessor bodies have been publishing detailed election results for the London boroughs, including the number and percentage of votes cast for each party, since 1968.

It is also incorrect to say that it will take two years to publish the results. The LRC has already completed its initial analysis and expects to publish a full report in about two months.

John Hollis,
Assistant Director,
London Research Centre,
Parliament House,
81 Black Prince Road, SE1

From Mr A. Cooke-Yarborough.

Sir, Jeff Rooker of the Labour Campaign for Electoral Reform complains that our electoral system looks only at the number of seats won, rather than the total of votes cast.

Does he recall that in the "miners' strike" election of February 1974, when Labour won more seats and triumphantly took office, more people actually voted Conservative than Labour?

Anthony Cooke-Yarborough,
105 Alderney Street, SW1

Protection of England's archaeological heritage

From Mr G.J. Wainwright.

Sir, Gerald Cadogan's article ("The Heritage blight," May 19) concerning the future of the nationally important archaeological site at Milborne Port, Somerset, questions the presumption that such sites should be protected against damaging development.

There is a need for more precise guidance as to how such sites may be protected and the consultative draft Planning Policy Guidance issued by the Environment Department seeks to address these issues. The intention is not to fossilize our towns and rural landscapes but to distinguish the more important sites and to reconcile the legitimate tensions between our heritage and economic development.

To ensure the physical preservation of important archaeological sites and deposits and of their settings, visual amenity and historic character, it will sometimes be necessary for planning authorities to refuse permission for development. Alternatively, the preservation of archaeological sites within or beneath new development, can in some cases be a satisfactory fall-back position.

Preservation of the remains as a record in notebooks, museums and publications is an option to be considered when development and therefore destruction of the evidence is unavoidable. It must necessarily be a second best option given the constant advance in archaeological techniques.

A policy which envisaged excavation or development as taking precedence over carefully designed preservation strategies would inexorably result in the eventual total destruction of our rich archaeological heritage. Preservation policies are necessary if this important and irreplaceable evidence is to survive.

The case quoted by Mr Cadogan illustrates the point. The Domesday Book records the presence of an administrative and ecclesiastical centre of considerable importance at Milborne Port before the Norman conquest in 1066 with a mint and royal associations with King Edward. Recent excavations to evaluate the remains have demonstrated the good survival of deposits of that date.

English Heritage considers that the development proposals as they stand will damage this important site to an unacceptable degree and have sought – in conjunction with the local authorities – to find ways in which development proposals might acceptably accommodate these constraints.

We are ready to continue these discussions within a policy framework which seeks to preserve the fragile archaeological remains where this can be achieved and at the same time ensures that evidence which is to be unavoidably destroyed is recorded before it disappears for ever.

G.J. Wainwright,
English Heritage,
Fortress House,
23 Savile Row, W1

Tokyo leads in transport stakes

From Mr Thomas Dunskus.

Sir, I was a little sad to see that Anatole Kaletsky ("Stop running down London", May 18), while discussing the situation of public transport in the major cities of the world, discounted Tokyo so quickly.

Granted, when it comes to "... comfortable, spacious and peaceful places ..." Tokyo can compete only in terms of peacefulness and, to a lesser degree, comfort; space is, admittedly, at a premium.

But anyone with an appreciation for the size, speed and efficiency of traffic systems would have trouble rejecting Tokyo's bid for first place. The smoothness with which the lines of the different railway concerns mesh, the variety of trains (local and various express trains on the same line), the frequency that is achieved (on many stretches close to one train every two minutes) and the safety record are really impressive. What is more, the trains and stations are clean and safe.

The famous "pushers" should not be used to fog the issue. No one would deny that at certain hours of the day, even this system is creaking at the seams, but for most of us the service is excellent.

Thomas Dunskus,
General Manager,
EC-Japan Centre for Industrial Co-operation,
Ichibancho-Eight-One Building,
6-4 Ichibancho,
Chiyoda-ku, Tokyo

SG Warburg to amend B&C salvage package

By David Owen and Richard Waters

SG WARBURG, the merchant bank, intends next week to submit amended proposals for the salvage of British & Commonwealth Holdings amid indications that key lenders remain keen to reach an accommodation.

The merchant bank's draft proposals, which posited a 25 per cent write-down of more than £700m owed to senior creditors and the sale of all the stricken financial services group's major businesses, have encountered much opposition since their dissemination a fortnight ago.

Warburg acknowledged yesterday that its initial proposals would need to be changed in the light of comments made by creditors during this week's consultations.

Among the alterations believed to be under consideration is to reduce the capital write-down required of senior creditors in exchange for an interest-rate moratorium for a preordained period.

"There has to be some write down of debt", said one individual close to B&C yesterday. "But whether the remaining debt should be interest-bearing or whether you load up the capital remains to be seen."

Such an initiative would be designed to attract support with a key group of holders of £220m worth B&C unsecured loan stock, some of whom have expressed strong reservations about the draft plan.

Like other senior creditors, these loan stock holders have been offered 75 per cent of their investment together with accrued interest and preference shares representing the remaining 25 per cent.

A group of five life assurance companies representing the holders, and acting through the Association of British Insurers, is understood to have demanded that the preference shares should rank ahead of similar securities being offered to other senior creditors.

Holders of the stock were prepared yesterday to allow Warburg a second attempt, but made it clear that their patience was running out.

"They'll have to do better," said one. "It was a slightly strange approach, asking senior creditors to write off their debt for the sake of people further down the line. But just because it's the first idea they had, I'm sure it's not the only one."

Other holders agreed that it was better to allow Warburg more time to produce better proposals than to push for B&C's winding up immediately. One of the largest holders said, though: "They must put written details to us by the end of next week."

Individuals close to B&C also sought to reassure lenders that "every penny over and above working capital needs" of the drastically restructured group would be returned to creditors. "There is no intention of building up a pot of gold", they said. "But you have got to create a scenario where the company can continue without going back to creditors."

Meanwhile, a spokesman for the holder of a further £25m worth of B&C convertible unsecured loan stock (CULS) – ranked in the second tier of creditors – confirmed that the acting trustees for the issue had been contacted to demand repayment.

McKechnie subsidiary sold to Swedes for £37m

By David Owen

MCKECHNIE, the plastics and metal components group, has agreed to sell its Midlands-based extruded products business to Sweden's Boliden for about £37m in cash.

The disposal is consistent with the company's strategy of developing its comparatively high added-value specialist engineering and plastics activities.

According to Dr Jim Butler, chairman, the money raised will be "committed to the further internationalisation of the group's businesses." This is expected to involve both bolt-on acquisitions and investment in existing operations.

Under the terms of the proposed deal, the consideration paid will be equivalent to the net asset value of McKechnie Extruded Products (MEP) as reported in audited accounts as at May 31, 1990. It should reduce McKechnie's pro-forma gearing to below 15 per cent from above 30 per cent at present, a spokesman said.

MEP, whose sole Aldridge manufacturing plant employs 700 and has a production capacity of more than 50,000 tonnes, extrudes copper and copper-based alloys.

Some 95 per cent of sales are in the relatively static UK market, however. The resources required to establish a strong European presence would be better utilised in developing its other businesses, the company believes.

Boliden, part of the acquisitive Trelleborg mining-to-chemicals industrial group, already has a significant European base. This was enhanced recently with the acquisition of Reynolds European, a French distributor.

The current financial year has been a difficult one for MEP, with unaudited management accounts showing an operating profit of just £1.1m for the nine months to April 28, against £2.7m a year earlier.

In the year ended July 31 1989 MEP made profits of £3.7m (or 8.2 per cent of group profit before interest) on turnover of £60.1m (or 16.7 per cent of group turnover). Its net assets at that date were £33.6m.

Takeover Panel criticises Globe and advisers on statements made to press

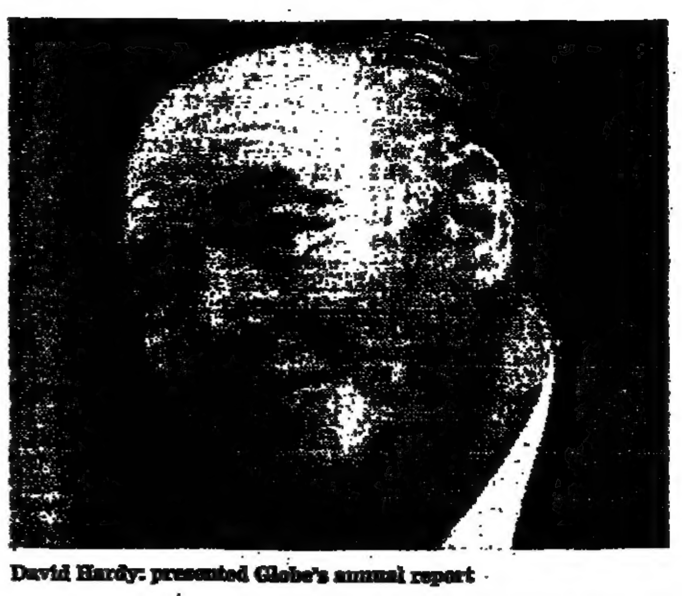
By John Thornhill

THE TAKEOVER Panel yesterday issued an unusually strong criticism of Globe Investment Trust and Barings, its financial advisers, regarding statements they had made to the press about their representations to the Panel in their defence against the £1.03bn hostile bid from the British Coal pension funds.

The Panel said it was making this statement because "in the course of the customarily confidential discussions which it was having with both sides yesterday, Globe chose, not for the first time during its defence of the current bid, to speak to the press about these confidential discussions."

The Panel also asked the funds to clarify statements they had made about Globe's dividend. Contrary to what the funds had suggested, the Panel claimed that the Globe's recommended final dividend of 4p could be regarded as an asset of the trust as it would not be received by Globe's shareholders if the bid were successful.

"In these circumstances the cash to pay the dividend would be part of the assets acquired by BCPF," the Panel said.



David Hardy: presented Globe's annual report

Furthermore, the Panel felt it necessary to point out that Globe's estimate of the value of each Globe share of 225p could not be regarded as a net asset value in the normal usage of the term. This figure only represented the Globe board's estimate of the total value attributable to each of its shares.

The statement from the Panel overshadowed the release of Globe's glitzy annual report and accounts yesterday which spelt out in greater detail the value and composition of the trust's various investments.

Particular attention focused on the value of Globe's unquoted assets which have been at the centre of much dispute between the two sides.

The accounts showed that the value of these investments had increased substantially in value during the course of the year. At the end of March 1989, they were valued at £139.98m but this increased by 25 per cent to £174.48m by the end of the 1990 financial year.

The funds have made great play of the fact that Globe reported an estimated net asset value of 204.4p to the Association of Investment Trust Companies at the end of March but had increased this to 212.95p in the audited accounts.

Mr David Gregson, a Globe director, explained that of this rise, 1.8p was accounted for by property revaluations, 5.4p came from an increase in the unquoted portfolio, and 1.2p derived from other sources, mainly retained earnings.

See Lex

US cash bid values Crystalate at £31m

By Nikki Tait

THE COMPLEX BID tussle over Crystalate, the electronics group, moved on a stage yesterday as Vishay, a US company, put in a formal cash offer with a limited share alternative. It was rejected.

Vishay had already indicated that it intended to make an offer, but had not declared its terms.

An all-paper bid, with a partial cash alternative, is already on the table from TT Group, the industrial holding company. Yesterday, TT said that it was considering its position and would make a further statement in due course.

The TT offer had been declared final, but the company is now free to revise its terms. Yesterday, Mr John Newman, a TT director, suggested that the company would probably take a while to decide its next move.

TT owns a 9.99 per cent stake in Crystalate but cannot raise the holding without a full cash alternative. Vishay has a small stake.

Crystalate made clear yesterday that it was the terms of the Vishay offer, rather than the principle of the link-up, which was its main bone of contention.

"The board of Crystalate agrees with Dr Felix Zandman, chairman of Vishay, that there would be considerable logic in combining Crystalate with Vishay, with advantages to both businesses," the company commented in its formal statement.

"However, it is the board's view that Vishay's current offers do not not reflect, in Dr Zandman's word, the 'tremendous opportunity for Vishay'."

Mr Bob Eade, Crystalate's chief executive, said that the deal had been mooted at a presentation by Vishay last Tuesday, and that the American company had been told that Crystalate understood the logic, but felt the price was unrealistic. Asked why Vishay had gone ahead at this level, which is little different from TT's bid, its advisers claimed that an offer containing a full cash alternative was more attractive. However, all camps may be waiting to see whether recent hints of a interested third party come to anything.

The Vishay terms are 80p a share in cash, valuing Crystalate at £30.6m, or one new share for every 14 held, subject to a maximum 1.5m shares being issued.

TT is offering seven new shares for every 10 Crystalate, which with TT at 129p puts a value on Crystalate of 90.3p per share. The partial cash alternative is five TT shares and £3.60 in cash for every 12 Crystalate. This is worth 83.75p per Crystalate share.

Both TT and Crystalate hinted at possible regulatory issues arising from the Vishay deal. TT pointed out that any deal would be conditional on clearance by the Office of Fair Trading while Crystalate made similar noises about US anti-trust regulations. Mr Eade said that both Vishay and Crystalate had filed with the Federal Trade Commission about a fortnight ago.

Crystalate shares eased 4p to 81p.

Molins predator raises stake but M&G remains loyal

By Andrew Hill

LEUCADIA NATIONAL Corporation's hostile bid for Molins, which closes next Wednesday, is delicately poised this weekend.

Leucadia, a US manufacturing and financial services group, yesterday raised its stake in the manufacturer of cigarette machinery to 43.5 per cent, but M&G Group, which owns 18.6 per cent of Molins' equity, said it would reject the offer.

It is the third time in the last three years that M&G has had to demonstrate its loyalty to the Molins' management, and of the three hostile offers this will undoubtedly be the closest.

Molins' shares were unchanged at 275p yesterday, matching the increased £83m offer.

M&G said yesterday: "We always take quite a strong line from the board's recommendation, but we also look at the price and ask ourselves whether we are being offered enough for the long-term value of the business."

In this case, said the institution, it believed the price was too low.

Prudential Corporation, which owns 5.3 per cent of Molins, was unable to comment on its intentions yesterday.

Leucadia picked up 1.03m shares yesterday from Heine Securities, which had already sold just over half its stake to New York company, adding to the platform of 34 per cent owned by Leucadia before it launched the bid in March.

Some 33 per cent of Molins' equity was originally sold to Leucadia by IEP Securities, Sir Ron Brierley's investment vehicle which failed in its attempted takeover of Molins last September. In 1987, another Brierley vehicle, Tozer Kemsley and Millbourn, fell short of victory in a bid for Molins.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Albion ......int	1.4	-	1.3	-	3.1
Castings ......fin	4.8	-	4.35	7	6.1
Gartmore Value ......fin	2.486☆	-	-	-	4.886
Jarvis Porter ......fin	2.8	-	2.6	4.2	4
Morland ......int	1.97	-	1.575*	-	5.125
Thornton (GW) § ......int	2	-	2	-	4.75†
Venture Plant § ......int	nil	-	1.25	-	3.25

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. #Third market. ☆Includes special 1.1p payment.

Benjamin Priest

Henry Ansbacher, the merchant bank, said yesterday that it was involved in talks with parties on a possible bid for Benjamin Priest Group, the West Midlands-based engineer.

Shares in the company, which were as low as 88p in March, have climbed recently on bid speculation and yesterday closed 13p higher at 115p.

Henry Ansbacher said that these talks, including those relating to possible offer prices, were not at a sufficiently advanced stage where an approach to the company would be appropriate.

Racal Electronics

Racal Electronics yesterday announced the acquisition of a controlling interest in EFI Corporation, a US compressed air cylinder manufacturer.

At this stage, Racal is paying $14m in cash for two-thirds of the company. It has the option to buy the remaining third of the company in three equal parts in 1995, 1996 and 1997 for a payment adjustment, dependent on revenues, that cannot exceed $120m (£71m). EFI Corporation produces lightweight cylinders made of glass fibre composites.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am't Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	128	110	ABI Leisure 10p	125	-1	R4.7	3.3	5.0	8.2
-	F.P.	-	59	58	♦Cahill May Roberts Ir10p	58		L024%	2.7	3.8	10.1
50	F.P.	-	50	47	Castle Cairn Inv.	47		-	-	-	-
-	F.P.	-	14	11	Do. Warrants	12		-	-	-	-
100	F.P.	-	98	91	Dartmoor Inv. Tst. 10p	97		K9.8	-	13.4	-
50	F.P.	-	48	47	EFM Java Trust	47		-	-	-	-
-	F.P.	-	21	18	Do. Warrants	21		-	-	-	-
‡	F.P.	-	148	119	F & C Germany Inv. Tst.	126		-	-	-	-
-	F.P.	-	64	48	Do. Warrants	50	+1	-	-	-	-
-	F.P.	-	46	31	First Philippine Inv. Tst.	31		-	-	-	-
-	F.P.	-	22	10	Do. Warrants	14		-	-	-	-
-	F.P.	-	14	7	Fisher (Albert) Wrrts.	9	+1	-	-	-	-
500	F.P.	-	99	95	French Property Tst	99	+1	-	-	-	-
-	F.P.	-	37	32	Do. Warrants	38		-	-	-	-
135	F.P.	-	143	132½	Invergordon Dist. 10p	137		M5.0	2.3	4.9	12.1
500	F.P.	-	505	500	Jupiter Euro Inv Units	500		-	-	-	-
?	F.P.	-	203	201	Northern Investors £1	201xr		Na8.0	1.6	5.3	-
-	F.P.	-	28	21	Paribas French B Wrrnts	25	-3	-	-	-	-
$100	F.P.	-	100	95	Stass Select. Growth Tst.	100	+1	-	-	-	-
-	F.P.	-	36	30	Do. Warrants	36	+1	-	-	-	-
-	F.P.	-	45	31	Templeton Emerg. Wrrnts.	45		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+or -
100	F.P.	-	101	90	§Bluebird Toys 12pc Cv. Uns. Ln. 2005	90	
102.45	F.P.	-	106¼	102½	Dartmoor Inv Tst 6¼pc RPI-Lnk Db 2005	106¼	
‡	F.P.	-	86p	83p	European Leisure 8.75p (Net) Cv Rd Pf	83p	
100p	F.P.	-	105p	96p	Hepworth Cap Fin. 11¼pc Cv. Bds 2005	104½p	
100p	25p	-	39½p	26p	Reckitt & Colman 9.5pc Cv Bds 2005	36½p	-½
100p	F.P.	-	100p	96p	Wyndham Group 9.375pc Cm.Pf	98p	
-	F.P.	-	55p	35p	York Trust 8.5p (Net) Rd.Cv.Pf 20p	38p	-4

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+or -
20	Nil	-	8pm	6pm	*ASB Barrett Kleinigs 2p	6pm	
Ir175	Nil	-	47pm	39pm	Allied Irish Banks	44pm	+3
70	Nil	-	1¼pm	¾pm	Anglia Secure Homes	1pm	
60	Nil	-	14½pm	6pm	CRT	9½pm	-½
15	Nil	-	3pm	1½pm	Caslet	1½pm	
152	Nil	-	21pm	12pm	Ellis & Everard	20pm	
132	Nil	-	27pm	11pm	Harrisons & Crosfield	23pm	-1
140	Nil	-	14pm	1¼pm	♦Midland & Scottish Res.	1¼pm	-¼
41	Nil	-	7pm	6pm	Petrocon	7pm	
Ir60	Nil	-	10pm	10pm	♦Wardell Roberts	10pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. e Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ψ Issued by tender. ♦ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market. B Units comprising 11 new ord. & 2 warrants. ♦ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

- First Dealings May 21
- Last Dealings June 1
- Last Declarations Aug. 16
- For settlement Aug. 28

For rate indications see end of London Share Service

Calls: Coloroll, Control Secs., Gaelic Res., Lonrho, Mecca Leisure, Tuskar Res., Yale & Valor.

COMPANY NEWS IN BRIEF

BENSON GROUP: Mr Richard Phillips has acquired 125,000 shares at 8p apiece, plus options on a further 1m, and has been appointed executive chairman. Former chairman, Mr John Wheeler, has sold 6.22m shares (13 per cent of equity) and remains on the board in a non-executive capacity. Other members of the Wheeler family and connected trusts have sold 2.78m shares (5.8 per cent) and Jean-Marc Cumming, director, sold 1m. Apart from Mr Phillips' holding, shares were acquired by four institutional holders.

EUROPEAN LEISURE has declared its offer for Midsummer Leisure wholly unconditional after receiving acceptances representing 80.1 per cent of the group's shares. Most of Midsummer's shareholders opted for the partial cash alternative. For remaining shareholders, this option closes today.

FYFFES has acquired Padwa Group, engaged in pre-packaging, distribution and importation of fresh produce. It also provides general distribution services for large retail and restaurant groups within the UK. Consideration is expecetd to amount to £7.1m in cash. Padwa had a turnover of £95m for the year to end-March 1990. Estimated operating profit for the 12 months was £1.4m and net assets £1.1m.

SUTER has acquired Swansea-based Tratt Plastics from the receiver for a consideration below the £900,000 book value of the assets. Tratt has a turnover of some £3m mainly generated from the automotive market. Suter's annual meeting was told that the trading performance of most of the core businesses in the first four months of 1990 had been satisfactory.

WACE has acquired Graphic Warehouse, a Chicago-based graphic arts services company, for an initial aggregate consideration of $1.6m (£945,068) to be satisfied via the issue of 130,332 shares and $900,000 in cash. For the 1989 year Graphic returnedpre-tax profits of $592,000 and had net assets of $341,000.

WILTSHIRE BREWERY is to purchase six pubs in the West Midlands from Premier Midland Ales and the Pitfield Pub Company for a combined consideration of £1.1m in shares and cash. The Pitfield buy comprises The Ship & Blue Ball in Shoreditch, London, and rights to the Pitfield brand names and products. Pitfield's Dark Star was voted Britain's best beer by CAMRA in 1987.

NEWS DIGEST

Castings rises 15% to £3.96m

CASTINGS, West Midlands-based iron castings supplier, reported taxable profits 15 per cent higher at £3.96m in the year to March 31, compared with £3.44. The result was achieved on turnover which rose 9 per cent from £20.98m to £22.83m.

The company said that demand in the last two months of the year sales had been considerably reduced and profits had not reached expectations. In the present year overall demand was lower but there had been many new orders and provided the economy did not deteriorate profits should be maintained at a reasonable level.

Earnings per share were 25.52p (24.52p) and a final dividend of 4.8p is proposed for a total of 7p (6.1p). Directors are also recommending a one-for-one scrip issue.

Venture Plant runs up a loss

A difficult plant hire market and high interest rates pushed USM-quoted Venture Plant Group into the red for the six months ended March 31 1990.

Pre-tax losses amounted to £241,000, compared with £378,000 profits, from turnover up from £3.82m to £5.04m. The interim dividend is being omitted.

The directors explained that action was being taken to restore overall profitability and reduce the high level of gearing. They added that positive results were already starting to come through and that they were confident that this progress would be maintained.

After tax of £83,000 (£132,000 credit) loss per share was given as 1p, compared with earnings of 2.3p. The directors said the the payment of a final dividend would depend on the full-year outcome.

All-round progress by Morland

Morland, the Thames Valley brewer in which the Whitbread Investment Company has a stake of more than 43 per cent, lifted its interim pre-tax profits from £2.11m to £2.38m from turnover of £13.03m, against a previous £11.91m.

Beer sales in the company's own houses were in line with the market as a whole, and the directors have noticed a significant slowing in the swing from ale to lager. Soft drinks, cider and wine were all showing good progress.

Gains were also being made in the free trade and the company was starting to trade more widely with wholesalers.

Result for the six months ended March 31 1990 included property disposals of £279,000 (£398,000) but was subject to tax of £690,000 (£622,000).

Sir Humphrey Prideaux, chairman of Morland

Earnings per share amounted to 10p (8.9p), and 8.3p (6.5p) excluding property surpluses, while the interim dividend is stepped up from 1.575p to 1.97p. Last year's total was an adjusted 5.125p paid from taxable profits of £6.62m (£6.2m). The directors intention was to recommend a substantial increase for the full year.

Higher rents boost Warner Estate

Warner Estate Holdings, which has interests in property development and tiling contracting, saw pre-tax profits improve from £3.02m to £3.74m in the six months to March 31. The company said that rental income had increased during the period and further rises were expected with rent reviews, lease renewals and new properties.

Property investment showed an increase to £3.84m (£3.17m) while tiling contracting reported £972,000 (£707,000). There was no property trading profit this time against £203,000.

Earnings per share came out at 4.97p (4.06p) and the interim dividend is being raised to 3p (2.5p).

Mayflower loss increases to £1.1m

Mayflower Corporation reported an increased pre-tax loss for 1989 of £1.1m, against £314,000. The result was affected by higher interest charges of £420,000, compared with £57,000, and an increase in exceptional items from £306,000 to £747,000.

The company was created when Mayflower reversed into Triangle Trust, the toy and financial services company in August last year. In March the company announced it was looking for buyers for Tri-ang, the toy manufacturer, so that it could concentrate on its financial services and synthetic webbings divisions.

Turnover for the period was £16.3m (£11.07m) and losses per share were 8.24p (2.57p). After lower extraordinary costs of £286,000 (£2.36m) the loss for the year emerged at £1.38m (£2.54m).

GW Thornton edges ahead

In spite of a £1.31m rise in turnover to £11.42m profits before tax of GW Thornton Holdings, a manufacturer of precision forgings and hand tools, worked through just £14,000 higher at £735,000 for the half year to end-March.

The results were affected by a £125,000 rise in interest charges to £263,000 but the recent sale of part of the business service division has helped to reduce borrowings.

Earnings emerged at 7.1p (7p) and the interim dividend is a same-again 2p. The company's shares are traded on the USM.

Albion advances 10% to £484,000

Albion, a Belfast-based clothing manufacturer, returned profits of £484,243 pre-tax for the half year ended March 31, an improvement of 10 per cent over last time's £441,348.

Turnover was static at £5.76m (£5.71m). The revenue grant totalled £129,874 (£101,712) but there was a £24,000 (nil) share of associated losses.

Earnings worked through at 7.36p (6.56p) and the interim dividend is being lifted to 1.4p (1.3p).

Jarvis Porter static at £2.08m

Jarvis Porter Group, Leeds-based labels printer, achieved a small increase in pre-tax profits from £2.03m to £2.08m in the year to February 28 in spite of a fall in turnover to £28.19m, against £35.55m.

During the year the flexible packaging division was sold to its management. Turnover included £3.7m (£13.5m) from businesses sold during the period.

Mr Paul Jarvis, chairman, said that he was optimistic for the present year as the company had only a limited exposure to a downturn in the UK economy. He added that most divisions had satisfactory order books. Earnings per share were unchanged at 9p. The directors are recommending a final dividend of 2.8p for a total of 4.2p (4p).

Gartmore value assets improve

Net revenue available for distribution of Gartmore Value Investments totalled £2.88m for the period January 24 1989 to April 30 1990.

Earnings amounted to 5.79p and a fourth interim dividend and a special dividend of 1.386p and 1.1p respectively are being paid making a total for the 15 months of 4.886p.

Net asset value per 10p share at April 30 stood at 34.2p. By May 11 the figure had risen to 48.6p.

Birmingham Mint £3.83m disposal

Birmingham Mint has sold for £2.7m its electrical contacts business carried on from Sheffield to Solder Products Manufacturing.

The contacts business, sold through subsidiary ELectro Precision Components (EPC), formed part of the businesses acquired from Engelhard Industries in 1984 and from Johnson Matthey in 1986. The sale does not include the wire products division.

Having relocated its head office to the Mint factory the group has exchanged contracts for the sale of its former head office building in central Birmingham for £1.13m cash.

The company said that cash proceeds from the two deals of £3.83m would be used to reduce borrowings to around £2m.

Lack of disposals hits Shaftesbury

An absence of disposals by Shaftesbury, the property developer, and its associate and higher finance charges left taxable profits in the six months to the end of March at £194,000, against £2.75m.

Rents receivable were higher at £2.64m (£1.71m) but there was no income from sales, against £1.62m last time, a share of associate losses of £303,000 (£414,000 profit) and finance charges of £1.24m (£628,000).

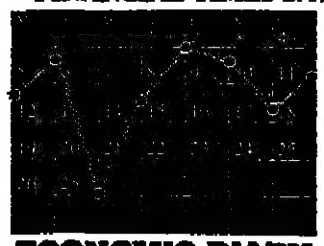
After tax of £82,000 (£1m) earnings per share came out at 0.46p (9.25p).

Casket plans restructure

Casket, a manufacturer and distributor of clothing, cloth and household products, yesterday announced a restructuring of its trading operations which it said would substantially reduce overheads and raise funds to cut borrowings.

The group also revealed that the changes would result in some 40 employees being made redundant.

To help reduce borrowings conditional agreement has been entered into to sell Casket's Oldham headquarters for £1.15m cash.



ECONOMIC DIARY

TODAY: First leg of two-party congress of (ex-communist) Hungarian Socialist Party. British, French and Polish defence ministers meet in Oslo: South African Conservative Party holds anti-reform rally in Pretoria.
TOMORROW: Burmese general elections. Columbian presidential elections. Poland holds first free local elections since World War II.
MONDAY: European Community industry council meets in Brussels. Emergency Arab summit in Baghdad will discuss threat posed to a settlement of the Palestine issue by the influx of Soviet Jews to Israel (until May 29).
TUESDAY: Confederation of British Industry publishes monthly trends enquiry (May). Gross domestic product (output-based) (first quarter-preliminary). New vehicle registrations (April). European Community development and social affairs councils meet in Brussels. Ministerial talks in Brussels between Japan and European Commission. National Association of Head Teachers annual conference in Torquay (until June 1).
WEDNESDAY: Cyclical indicators for the UK economy (April). US single family home sales (April) and leading indicators (April). European Community economic and social affairs council in plenary session in Brussels. Mr George Bush, US President, and Mr Mikhail Gorbachev, Soviet leader, hold summit talks in Washington (until June 3). OECD ministerial meeting in Paris (until May 31).
THURSDAY: Manufacturers' and distributors' stocks (first quarter-provisional). Energy trends (March). London sterling certificates of deposit (April). Bill turnover statistics (April). Monetary statistics (including bank and building societies balance sheets (April). Sterling commercial paper (April). European Community education council meets in Brussels.
FRIDAY: Capital expenditure and stockbuilding (first quarter provisional). Engineering sales and orders at current and constant prices (March). The first meeting of the Group of 15 developing nations takes place in Kuala Lumpur (until June 3). Association of Metropolitan Authorities conference on environmental auditing

LONDON TRADED OPTIONS

A BUSY week in the futures and traded options markets ended in a less active trading session yesterday, although there was no lack of tension as traders struggled to straighten their positions ahead of the extended weekend; London markets are closed on Monday for the Spring Bank Holiday.

Dealers found themselves puzzled by markets which "looked weak and felt bad" but survived the session without suffering any major loss. In the London Traded Options Market, turnover slipped to 22,208 contracts from Thursday's 31,714; yesterday's trading was two-way, and split almost evenly between 11,170 calls and 11,038 puts. Business in the Footsie futures contract also fell back, from 11,760 to 8,944. Market attendance was down sharply, with many participants clearly opting for an early start to the extended weekend.

The second half of the day saw a two-way pull, with the bearish implications of a Wall Street downtick conflicting with bear closing in London markets. UK dealers were particularly uneasy over the weakness in the US dollar, which confirmed the predictions of several leading analysts in the UK market.

However, London markets were protected from excessive downward pressures yesterday by widespread bear closing operations. However, once these bear positions were closed, there was little sign of willingness to open fresh positions ahead of the holiday weekend.

In the share options sector, GEC topped the active list, with a total of a mere 3,500 contracts indicating the thinness of the market. Most of the GEC business consisted of two trades, with two leading UK firms in the leading role.

Trusthouse Forte, with 838 contracts, saw a fair two-way business, but there was little activity among the runners-up, which included TSB, Blue Circle, Kingfisher and Ladbroke.

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allied Lyons (*459)	420	42	57	70	5	9	13
	460	15	32	47	21	28	30
	500	5	16	30	55	58	59
ASDA (*105)	100	10	12	16	4½	7	9
	110	5	7½	11	10	13	13
	120	2½	4½	–	18	20	–
Brit. Airways (*206)	200	8½	17	22	7	10	12
	220	3	8½	13	21	22	23
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Trans. (*454)	420	45	60	78	3	6	10
	460	17	32	48	13	20	25
Storehouse (*110)	100	11	14	19	3½	5½	7
	110	5	9	13	8	9	12
Trafalgar (*310)	300	24	38	43	6	13	18
	330	8	20	27	25	28	33
Wel. Bleeds (*340)	330	22	34	44	6	11	15
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Unilever (*665)	650	37	60	80½	10¼	17	19½
	700	18¼	32	50¼	38¼	43	44¼
Ultramar (*344)	330	28	40	53	7	13	15
	360	12	23	35	20	25	27

Option		Calls Aug	Calls Nov	Calls Feb	Puts Aug	Puts Nov	Puts Feb
Brit Aero (*523)	500	52	62	80	14	20	25
	550	22	33	50	35	42	42
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Reuters (*1155)	1150	37½	74	106	24½	41	50
	1200	16	47	–	55½	66½	–
Abbey Nat. (*195)	180	19	25	27	2	4	5½
	200	5	12	16	9	13	14
Amstrad (*67)	60	9	13	15½	1	3	4½
	70	3	6½	10	5½	7½	9

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Barclays (*384)	357	36	45	53	2	28	31
	393	7	22	31	5	10	14
Blue Circle (*247)	240	14	24	31	5	10	14
	260	5	15	–	16	21	–
British Gas (*212)	200	15	18	24	1	5½	7
	220	3	7½	14	9	17	18
Dixons (*126)	120	9	15	20	3	6	10
	130	3½	9	14	8	12	14
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE INDEX (*2263)

PUTS								
May	1	1½	2	5	14	44	90	140
Jun	5½	10	14	24	39	64	100	143
Jul	14	19	26	37	58	75	107	145
Aug	20	25	34	45	62	84	114	150
Dec †	–	40	–	64	–	102	–	162
†	–	–	–	–	–	–	–	–

May 25 Total Contracts 25,835
Calls 12,977 Puts 12,858
FT-SE Index Calls 4,103 Puts 5,825
Euro FT-SE Calls Puts 8
*Underlying security price. † Long dated expiry dates

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Fri May 25 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Thu May 24 Index No.	Wed May 23 Index No.	Tue May 22 Index No.	Year ago (approx) Index No.	1990 High		1990 Low		Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (199)	868.40	-0.1	13.36	5.22	9.06	15.78	869.67	876.63	878.99	981.29	960.80	4/1	813.49	30/4	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (27)	1083.19	+0.1	14.60	5.48	8.46	21.22	1082.31	1095.65	1100.42	1249.97	1188.21	3/1	989.61	30/4	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (36)	1348.98	-0.6	17.78	6.09	7.32	33.20	1357.33	1369.72	1364.90	1704.00	1621.44	4/1	1278.36	1/5	1951.50 16/7/87	71.48 2/12/74
4	Electricals (10)	2499.80	-0.5	11.38	5.36	10.81	61.43	2513.21	2524.85	2511.17	2841.96	2751.15	4/1	2317.73	6/3	3040.88 8/9/89	84.71 25/6/62
5	Electronics (29)	1833.33	-0.8	9.90	4.05	13.07	19.33	1848.12	1861.87	1872.87	2265.25	2044.72	9/1	1717.35	30/4	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (8)	467.59	-0.3	13.88	4.98	8.59	9.31	469.18	470.93	473.47	0.00	495.50	4/1	409.55	6/3	495.50 4/1/90	409.55 6/3/90
7	Engineering-General (43)	478.85	+0.3	11.86	5.23	10.19	8.17	477.18	478.33	477.04	0.00	502.82	4/1	448.31	30/4	502.82 4/1/90	448.31 30/4/90
8	Metals and Metal Forming (6)	487.45	-0.7	24.10	6.39	4.68	0.53	491.11	493.90	488.70	550.09	515.57	4/1	457.99	27/4	596.67 9/10/87	49.65 6/1/75
9	Motors (16)	352.57	+1.0	15.63	6.39	7.47	9.56	349.24	349.52	347.20	328.78	403.90	4/1	327.76	10/5	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (24)	1573.55	+0.1	11.30	5.06	10.22	33.09	1571.56	1589.39	1604.60	1606.24	1774.64	3/1	1472.55	3/5	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (178)	1250.67	-0.5	9.67	4.00	12.81	12.56	1257.56	1261.42	1270.78	1219.35	1357.03	3/1	1151.43	30/4	1417.92 4/9/89	61.41 13/12/74
22	Brewers and Distillers (21)	1488.30	-0.9	10.28	3.89	11.76	12.62	1501.45	1508.58	1505.32	1310.71	1573.41	9/1	1369.31	6/3	1583.71 5/9/89	69.47 13/12/74
25	Food Manufacturing (20)	1061.94	-0.1	10.61	4.47	11.65	16.98	1063.25	1067.58	1086.42	1065.66	1184.41	3/1	1001.05	30/4	1220.42 4/9/89	59.67 11/12/74
26	Food Retailing (16)	2421.47	+0.1	9.38	3.34	13.69	22.97	2418.96	2427.17	2419.20	2224.63	2427.17	23/5	2188.04	30/4	2722.30 5/9/89	54.25 11/12/74
27	Health and Household (15)	2515.16	-1.4	6.85	2.75	17.38	20.36	2550.00	2564.42	2631.59	2250.95	2795.49	4/1	2365.35	6/3	2795.49 4/1/90	175.38 28/5/80
29	Leisure (31)	1409.43	-0.9	10.17	4.32	11.97	18.28	1421.81	1412.89	1409.95	1671.40	1717.22	9/1	1266.85	30/4	1845.77 8/9/89	54.83 9/1/75
31	Packaging & Paper (12)	585.62	+0.1	12.54	5.79	10.20	11.83	585.22	582.11	576.52	578.43	599.22	11/1	534.25	30/4	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (16)	3331.65	-0.2	10.05	5.39	12.53	50.81	3336.97	3342.21	3346.87	3540.61	3853.61	4/1	3029.15	30/4	5070.66 5/10/87	55.08 6/1/75
34	Stores (35)	783.35	+0.2	11.41	4.83	11.30	2.25	781.93	785.14	785.14	817.29	844.66	3/2	690.43	27/4	1160.58 29/7/87	52.63 6/1/75
35	Textiles (12)	492.35	-0.3	13.15	7.26	9.67	13.26	493.58	491.98	492.65	548.11	554.37	4/1	447.50	30/4	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (105)	1141.24	-0.8	11.34	5.10	10.60	10.37	1150.57	1143.53	1149.82	1105.83	1233.52	3/1	1059.71	30/4	1233.52 3/1/90	58.63 6/1/75
41	Agencies (17)	1610.98	-0.2	6.26	2.45	19.33	14.99	1614.72	1590.09	1593.18	1406.41	1628.96	4/4	1471.39	30/4	1795.57 17/7/87	870.35 4/12/87
42	Chemicals (23)	1239.90	-0.4	11.46	5.33	10.21	28.52	1244.98	1247.04	1256.36	1264.99	1295.87	5/1	1138.16	27/4	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (14)	1600.54	+0.3	10.53	6.18	11.41	14.41	1596.51	1614.88	1624.44	1600.94	1710.25	3/1	1480.08	30/4	1819.46 11/8/89	975.19 10/11/87
44	Transport (13)	2222.34	-0.2	11.26	4.51	11.21	26.91	2227.18	2227.12	2231.09	2487.72	2458.00	4/1	2093.96	30/4	2554.69 12/7/89	90.80 29/6/62
46	Telephone Networks (2)	1149.22	-2.7	11.35	4.78	11.46	0.00	1180.69	1153.60	1160.00	1114.26	1290.72	3/1	1019.16	30/4	1290.72 3/1/90	517.92 30/11/84
47	Water (10)	1909.83	-0.8	18.25	7.09	6.07	0.00	1926.01	1940.96	1955.71	0.00	2079.08	16/2	1820.20	1/5	2079.08 16/2/90	1820.20 1/5/90
48	Miscellaneous (26)	1741.81	-0.5	11.93	4.87	9.57	18.70	1749.94	1722.00	1732.59	1512.07	1981.35	3/1	1674.89	10/5	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (482)	1134.44	-0.5	11.10	4.65	10.97	13.32	1140.52	1142.08	1148.54	1148.27	1234.94	3/1	1051.74	30/4	1273.71 5/9/89	59.01 13/12/74
51	Oil & Gas (18)	2259.65	.....	12.01	5.38	11.00	46.43	2259.14	2289.63	2314.48	2023.80	2475.71	2/1	2111.34	30/4	2475.71 2/1/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1228.69	-0.5	11.23	4.75	10.98	15.95	1234.32	1238.08	1245.98	1222.91	1338.65	3/1	1140.35	30/4	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (108)	775.18	-0.1	–	5.93	–	18.66	776.01	783.75	795.99	738.60	869.67	3/1	735.74	30/4	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	814.54	-0.1	20.15	6.60	6.50	25.62	815.72	822.76	847.58	729.38	918.30	2/2	766.65	27/4	918.30 2/2/90	62.44 12/12/74
65	Insurance (Life) (7)	1351.29	-0.5	–	5.43	–	36.94	1357.98	1365.96	1377.24	1053.91	1484.67	3/1	1220.17	1/5	1484.67 3/1/90	44.88 2/1/75
66	Insurance (Composite) (6)	654.44	+0.6	–	6.32	–	19.43	650.74	661.19	676.60	583.74	768.11	0/0	622.62	30/4	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (7)	1065.06	-0.1	8.12	6.11	16.22	27.41	1066.18	1069.40	1067.54	994.57	1194.74	4/1	1016.19	22/3	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	440.86	.....	–	4.32	–	4.85	440.84	440.55	439.53	331.28	502.02	8/2	403.22	30/4	547.59 12/10/87	31.21 7/1/75
69	Property (47)	1071.95	-0.4	8.40	4.36	15.25	8.35	1076.35	1092.98	1086.01	1317.31	1242.53	4/1	1055.23	4/5	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (25)	307.91	-0.2	14.48	7.26	9.05	4.54	308.43	309.67	310.67	368.97	350.59	4/1	291.32	30/4	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (67)	1191.21	-0.5	–	3.26	–	10.73	1196.97	1197.72	1199.85	1152.63	1323.81	4/1	1113.92	30/4	1323.81 4/1/90	71.12 13/12/74
91	Overseas Traders (5)	1368.61	-0.5	9.01	6.68	13.59	42.87	1375.21	1373.58	1366.04	1371.55	1614.04	3/1	1269.70	30/4	1614.04 3/1/90	97.37 6/1/75
99	ALL-SHARE INDEX (680)	1120.03	-0.4	–	4.88	–	16.34	1124.61	1129.04	1137.50	1103.81	1226.83	3/1	1043.16	30/4	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	May 24	May 23	May 22	May 21	May 18	Year ago	1990 High		1990 Low		Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX§	2265.6	-11.5	2276.3	2258.4	2277.1	2287.4	2311.3	2282.1	2269.1	2140.3	2463.7	3/1	1782.8	3/1	2463.7 3/1/90	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri May 25	Day's change %	Thu May 24	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	115.29	+0.10	115.18	–	4.71
2	5-15 years	120.20	-0.06	120.27	–	4.96
3	Over 15 years	123.14	-0.14	123.31	–	4.77
4	Irredeemables	140.15	-0.23	140.48	–	6.12
5	All stocks	120.59	-0.02	120.61	–	4.91
	Index-Linked					
6	Up to 5 years	144.56	+0.05	144.49	–	1.49
7	Over 5 years	137.17	-0.27	137.54	–	1.38
8	All stocks	137.62	-0.24	137.95	–	1.38
9	Debentures & Loans	98.03	+0.03	98.00	–	3.92
10	Preference	73.86	-0.13	73.95	–	2.52

	AVERAGE GROSS REDEMPTION YIELDS		Fri May 25	Thu May 24	Year ago (approx.)	1990 High		1990 Low	
	British Government								
1	Low	5 years	11.36	11.32	9.71	12.36	2/5	10.16	2/1
2	Coupons	15 years	11.04	11.03	9.30	11.94	30/4	9.58	2/1
3		25 years	10.95	10.92	9.14	11.85	30/4	9.52	2/1
4	Medium	5 years	12.39	12.37	10.82	13.58	2/5	11.03	2/1
5	Coupons	15 years	11.55	11.51	9.74	12.45	27/4	9.97	2/1
6		25 years	11.16	11.11	9.31	11.98	27/4	9.65	2/1
7	High	5 years	12.49	12.48	10.92	13.67	2/5	11.17	2/1
8	Coupons	15 years	11.85	11.82	9.95	12.76	27/4	10.17	2/1
9		25 years	11.47	11.42	9.48	12.27	27/4	9.78	2/1
10	Irredeemables†		10.94	10.90	9.16	11.83	30/4	9.66	4/1
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	5.31	5.29	3.81	5.40	16/5	3.83	5/1
12	Inflation rate 5%	Over 5 yrs.	4.20	4.17	3.70	4.31	30/4	3.60	4/1
13	Inflation rate 10%	Up to 5 yrs.	4.25	4.21	3.05	4.28	16/5	2.95	2/1
14	Inflation rate 10%	Over 5 yrs.	4.02	3.99	3.53	4.13	30/4	3.43	4/1
15	Debs &	5 years	14.43	14.53	11.85	16.70	30/4	13.01	15/1
16	Loans	15 years	13.47	13.50	11.51	14.48	26/4	12.27	12/1
17		25 years	13.07	13.07	11.16	13.89	4/5	11.99	2/1
18	Preference†		12.53	12.51	10.20	12.59	8/5	10.87	2/1

§Opening index 2275.9; 9 am 2268.5; 10 am 2266.4; 11 am 2271.3; Noon 2267.0; 1 pm 2265.8; 2 pm 2260.3; 3 pm 2260.4; 4 pm 2260.5; 4.10 pm 2263.0; (a) 8.41am (b) 1.15pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Engineering - Aerospace	29/12/89	486.00	Other Industrial Materials	31/12/80	287.41	Food Retailing	29/12/67	114.13
Engineering - General	29/12/89	486.00	Health/Household Products	30/12/77	261.77	Insurance Brokers	29/12/67	96.67
Water	29/12/89	1968.45	Other Groups	31/12/74	63.75	All Other	10/4/62	100.00
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Conglomerates	31/12/86	1114.07	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Telephone Networks	30/11/84	517.92	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00
Electronics	30/12/83	1646.65	Food Manufacturing	29/12/67	114.13	Preference	31/12/77	76.72
						FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.
CONSTITUENT CHANGES: London United Investment (66) and Midsummer Leisure (29) have been deleted. Huntingdon International Holdings (27) has been inserted.

Continental teams up with Japanese tyre company

By **Stefan Wagstyl** in Tokyo and **Andrew Fisher** in Frankfurt

CONTINENTAL, the West German tyre company, and Toyo Tire and Rubber of Japan yesterday announced plans for joint production at three of their plants in response to intensifying competition in the world industry.

The agreement is the latest move in the consolidation of tyre production, which has left medium-sized companies such as Continental and Toyo struggling to keep pace with the industry's leaders – Goodyear of the US, Michelin of France, and Bridgestone, the number one Japanese maker.

Continental, the fourth largest tyre maker, is to acquire a 30 per cent stake in Toyo's Kuwana, Japan, plant, which produces tyres for cars and light trucks.

In return, Toyo, number four in the Japanese industry, will take a 20 per cent interest in a Canadian plant run by Continental's US subsidiary, General Tire. It will also take 10 per cent of a plant in Dublin, Ireland, run by Semperit, also part of Continental.

Horst Urban: keen on building long-term business in Japan

The deal will give Continental its first manufacturing base in the Far East and Toyo its first plant in Europe. Mr Horst Urban, the chief executive of Continental, has stressed the company's long-term interest in building business in Japan after its 1980s expansion in Europe and North America.

The German company makes up to 500,000 tyres a year at the Toyo plant and exports 1.8m tyres a year to Japan. A fifth of Japanese cars exported to Europe have Continental tyres.

For Toyo, the move will provide access to Europe as Japanese car makers are planning to increase their production in the UK.

The two companies, which have co-operated since 1982, have a joint venture to share output at a new truck and bus tyre plant being built in the US. Yokohama Rubber, Japan's second-largest tyre maker, is a partner in the project.

NTT ahead but warns of tougher competition

By **Stefan Wagstyl** in Tokyo

NIPPON Telegraph and Telephone, the world's largest company by stock market value, yesterday posted a 16.5 per cent increase in consolidated annual pre-tax profits to Y510.5bn ($3.4bn).

But the group forecast a decline in profits this year due to increasing competition from newly-established telephone carriers and further reductions in call rates.

In the year to March, a 3.8 per cent decline in operating profits to Y705.7bn was offset by a 34 per cent reduction to Y195.1bn in net non-operating expenses, due mainly to a cut in interest payments.

Operating revenues rose 3 per cent to Y6,022bn, thanks to a sharp growth in new services including mobile telephones, call-forwarding and data communications networks. Revenues from telephone calls, half the total, fell 2.5 per cent due to continuing rate reductions.

The increase in operating expenses was kept to a 4 per cent rise to Y5,317bn, as an increase in pay was offset by staff cuts. NTT spent more on accelerating the digitalisation of its network, due to be completed in the mid-1990s.

Net income was Y273.7bn, up 22.8 per cent. NTT is raising its dividend from Y5,000 to Y6,000, which includes a Y1,000 special payout to mark the centenary of the Japanese telephone service.

The parent company's unconsolidated pre-tax profit reached Y484.7bn, an increase of 13.8 per cent. This year parent company profits are expected to fall 15.4 per cent to Y410bn. The company did not forecast consolidated profits.

● Mr Haruo Yamaguchi, the 54-year-old NTT president, is to become the group's chairman from the end of next month, succeeding Mr Hisashi Shinto who resigned in disgrace last year because of his involvement in the Recruit scandal. NTT left the post vacant as a sign of remorse.

The president will be Mr Masashi Kojima, 49, now senior executive vice president.

● NTT's three new competitors all posted strong gains by cutting prices to take market share from their giant rival.

Daini-Denden, an affiliate of Kyocera, and Japan Telecom, an associate of Japan Railways, cleared their accumulated losses only two years after starting business. Daini-Denden made Y17.5bn pre-tax and Japan Telecom Y10.9bn. Teleway Japan, the third operator and an affiliate of Toyota Motor, made Y400m, after losses the previous year.

Campbell Soup to sell Europe units

By **Martin Dickson** in New York and **Clay Harris** in London

CAMPBELL Soup, the US food group being reshaped under new management, is putting up for sale businesses accounting for one fifth of its European turnover, including much of Britain's Freshbake Foods, which it acquired for £109m ($184m) only two years ago.

The move is the latest in a wide-ranging shake-up following the arrival last January of a new chief executive, Mr David Johnson, who is trying to improve earnings and satisfy the warring members of the company's founding Dorrance family. The Dorrances own 59 per cent of Campbell shares, and some of them, unhappy with its lacklustre earnings record, said last year that they would be happy to see the company sold.

Campbell said yesterday that it would be divesting three businesses acquired as part of Freshbake: the UK vegetable division of Campbell Foods, which has 20 per cent of Britain's frozen green vegetable market; Campbell Irish Foods, the largest frozen vegetable producer in Ireland; and Mallow Foods, also based in Ireland, which supplies dehydrated vegetables.

It is also selling Campbell Seafoods, with operations in the UK and Belgium, and D. Lazzaroni, the loss-making Italian biscuit manufacturer best known for its Amaretti di Saronno brand. The businesses have a combined turnover of about $200m.

Campbell paid 24 times historic earnings for Freshbake – a price seen as generous at the time – and analysts said the sale would get nowhere near recouping that. Campbell said it expected to take a fourth-quarter charge of $55m on the disposals.

There had been speculation that it might sell the whole of the Freshbake business, but it is retaining the company's meat pies, sausage-roll and prepared-dinners operations.

Its core European businesses will be soup and frozen convenience foods in the UK and biscuits in northern continental Europe. It will remain in other "opportunistic" markets, such as gourmet food distribution in West Germany.

Mr Edward Glover, president of Campbell Foods Europe, said: "We see our future in Europe as being a medium-sized multinational that concentrates in niche categories or in leveraging the parent company's technology from the US."

Wall Street analysts said the move was sensible. Ms Nomi Ghez of Goldman Sachs said it was "an important strategic decision." The company was getting out of commodity products yet remaining committed to Europe, concentrating on its strengths in branded goods.

Japan steel in demand at home

By **Martina Gannon** in Tokyo

SHARPLY increasing demand in the domestic construction industry boosted the pre-tax profits of Japan's leading steel companies in the year to March, despite falling exports and increased raw material prices.

Nippon Steel, the world's largest steelmaker, saw its pre-tax profits rise 26.2 per cent to Y202.3bn ($1.4bn), as demand remained strong in the vehicle and industrial machinery sectors. Its sales increased by 7.9 per cent from the previous year to Y2,573.1bn and net income was up to Y97.1bn from Y62.7bn the year before.

Domestic demand for steel is expected to remain good, but the industry foresees further rises in raw material and fuel prices and stiffer competition at home and overseas in the current year.

Nippon Steel will pay a per-share dividend of Y6 for 1989, including Y1 to commemorate the company's 20th anniversary.

The group's affiliate, Nisshin Steel, also posted a rise in pre-tax profits of 3.6 per cent to Y58.5bn. Its sales were up 3.3 per cent to Y428.6bn in the year to March.

Kawasaki Steel, strong in crude steel production and an industry leader in technology to produce plates and sheets, reported pre-tax profits up 9.6 per cent in the year to March, to Y103.5bn. Its sales increased by 5.6 per cent to Y1,112bn.

The pre-tax profit of Sumitomo Metal Industries, a leading manufacturer of seamless steel pipes for oil wells, rose 9.4 per cent to Y95.6bn in the year, its second highest level. Its sales were up 6.2 per cent to Y1,119bn on strong domestic demand.

Kobe Steel, an industry leader which is promoting a development system linking Japan, the UK and the US, had a record pre-tax profit of Y56bn, an increase of 19 per cent. Sales increased by 4 per cent to Y1,221bn on strong growth in the machinery division.

The company estimates that its pre-tax profits will remain at the same level next year as greater material and employment costs are offset by streamlining. It foresees sales rising by 5 per cent to Y1,280bn.

Euro Disney in notes for cash offer

By **Stephen Fidler**, Euromarkets Correspondent

SHARES in Euro Disney dropped 5.5 per cent on the London Stock Exchange yesterday after the Walt Disney Company announced plans to issue zero-coupon notes exchangeable into the cash value of Euro Disney shares.

The fall in price appeared to be on the assumption that some holders of the shares would switch into the new notes. These will have a face value of $1.5bn if they are not converted by the maturity date of 2005, and will raise about $625m, less fees, for Disney.

The notes will be exchangeable at a 15 per cent premium to the issue price into the cash value of the Euro Disney shares, but not into the shares themselves.

Of roughly 83m shares Disney holds, the note issue will cover the cash equivalent of about 18.75m.

For investors interested in Euro Disney – which is not currently paying a dividend – the 6 per cent yield will provide some floor on their investment should the project flop. However, to gain this benefit, they are giving up the first 15 per cent of any increase in the Euro Disney share price.

Zero-coupon notes do not pay annual interest but investors are compensated by a rise in their capital value over time. Investors have the right to sell the notes back to Disney in the fifth or 10th year. If they do this or if they hold the notes to maturity, holders will be repaid capital equal to an annual 6 per cent yield.

Although the notes – which carry disadvantages for tax-paying investors in some countries – are being offered in Europe and the US, they are aimed at tax-exempt accounts in the latter.

Dresdner Bank drops vote plan

By **Katharine Campbell** in Frankfurt

DRESDNER Bank, the big West German bank, has abandoned its attempt to impose a form of voting right restrictions limiting shareholders to a 10 per cent vote regardless of the size of their stake.

The measure, designed to discourage unfriendly takeovers, has been increasingly attacked, and Dresdner's about-turn marks a victory for shareholders' rights.

At the annual meeting yesterday, Mr Wolfgang Röller, chief executive, said Dresdner had dropped earlier plans to appeal against a district court judgment that voting rights could not be applied conditionally, as Dresdner had proposed.

This marked the first successful legal challenge to these poison pills, introduced by a number of West German firms in the mid-1970s as a weapon against Middle Eastern takeover activity, and again in the past few years as hostile approaches proliferated from the US and UK.

In March, Mr Hilmar Kopper, chief executive of Deutsche Bank, surprised listeners when he described the measures, which Deutsche had hitherto faithfully supported, as a "foreign body in a market economy." Deutsche, however, has not removed its 5 per cent restriction, which has been in place since 1975.

Last May, Mr Röller received endorsement from his shareholders to introduce a new kind of conditional voting right restriction, which could be invoked unilaterally by the board if it sensed hostile activity. A small shareholder contested the board's right to wield such a conditional power, and won the case in a Frankfurt court last January.

NEC improves income on back of buoyant sales

NEC, the Japanese electronics group, yesterday posted a 31 per cent increase in consolidated pre-tax profits to Y173.7bn ($1.15bn) for last year, due to buoyant sales of computers, semiconductors and communications equipment, writes Stefan Wagstyl.

It said it expected further increases in sales and profits this year, despite the growing uncertainty about business conditions due to currency instability, trade friction and a slowdown in the US economy.

In the year ended March, NEC's sales rose 11.7 per cent to Y3,444bn, including a 14.8 per cent increase in overseas sales to Y892bn. The biggest gain was in home electronics, where sales increased by 19 per cent to Y457bn.

Net income rose 32 per cent to Y85.2bn, or Y56.08 per share. For the current year, the company forecasts a sales rise of 7 per cent to Y3,700bn and a net income rise of 6 per cent to Y90bn.

Mondadori cuts dividend as net profits take a dive

By **Haig Simonian** in Milan

NET PROFITS at Mondadori, the leading Italian publisher, plummeted to L54bn ($44m) last year from L103.5bn in 1988, in spite of a 58 per cent leap in sales to L2,367bn from L1,495bn.

As a result, the company is axing its dividend to L200 for savings and privileged shares and L180 for ordinary shares, against the L400 and L380 paid respectively a year earlier.

Swollen by the acquisition cost of the L'Espresso group, bought last year, Mondadori's net financial position at the end of 1989 also slumped, with net borrowings of L372.5bn against liquidity of L226bn in 1988.

The drop in earnings was much less marked at parent company level, with a fall in net profits to L73.9bn from L78.4bn the previous year. Additionally handicapped by legal constraints, the group said it had not yet proved possible to benefit from rationalisations following the L'Espresso takeover, which also triggered heavy financing costs.

The poor figures are bound to be used as further ammunition in the continuing battle for control between Mr Carlo De Benedetti and Mr Silvio Berlusconi, the current chairman.

Both men have laid blame for the widely-expected fall in earnings on the other's management.

A resolution of the contest for control of Mondadori is still not in sight, amid growing signs that Mr De Benedetti, currently in the ascendant, is holding out for a tough deal. The next formal round is due on June 26, when a shareholders' meeting will discuss the competing rights issues being proposed by the two men and will probably elect a new board, unseating Mr Berlusconi.

Mitel checked by lower prices in N America

MITEL CORP, the Canadian telephone exchange manufacturer 51 per cent-controlled by British Telecom, found that low prices and cut-throat competition in the North American business communications equipment market offset gains in overseas sales in the year to March 30, writes Robert Gibbens in Montreal.

The group earned C$12.1m (US$10.3m) or 9 cents a share in fiscal 1990, down from C$22.2m or 21 cents in fiscal 1989, when the company surged back from five years of losses, following severe restructuring.

Revenues were C$427m against C$432m. The latest period included $6m from a BT research contract against $20.8m a year earlier. On an operating basis, the company said, 1990 results were better.

Surprising Macy results soothe junk bond jitters

By **Karen Zagor** in New York

R.H. MACY, the big department store chain which was taken private in a $3.6bn management-led leveraged buy-out in 1986, yesterday helped calm the nervous junk bond market by reporting better-than-expected preliminary third-quarter results.

Macy's junk bonds tumbled about 3 per cent on Thursday in active trading after a factoring group said it was tightening its credit policy towards the store chain.

The company reported a net loss of $63.1m in the quarter after interest, taxes and depreciation, compared with $64.1m a year earlier.

The company's cash flow in the three months to April 28 improved to $160.2m from $154m a year earlier. Sales in the latest quarter were marginally higher at $1.49bn from $1.48bn.

Macy's high-yield junk bonds firmed yesterday morning in light trading on the announcement.

However, Macy still has a high debt load.

Other highly-leveraged US department stores, such as Campeau's Federated and Allied operations, have filed for bankruptcy court protection in the last year.

But most analysts expect Macy to survive and believe that the company's improved cash flow is encouraging.

Macy is expected to report final earnings results for the third quarter in a filing with the Securities and Exchange Commission in mid-June.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1990	Low 1990
Gold per troy oz.	$367.25	-2.50	$363.50	$420.25	$368.75
Silver Per troy oz	309.05p	+11.1	331.60p	323.50p	297.70p
Aluminium 99.7% (cash)	$1550	+31.5	$2145	$1655	$1380.0
Copper Grade A (cash)	£1590	+17	£1597	£1747.5	£1304.50
Lead(cash)	£487	+2.5	£415	£790	£413.0
Nickel (cash)	$8475	-62.5	$12850	$10225	$8075
Zinc SHG (cash)	$1787	+54.5	$1625	$1868	$1250
Tin (cash)	$6365	-85	£9895	$7020	$6150
Cocoa Futures (Jul)	£963	+19	£809	£967	£822
Coffee Futures (Jul)	£658	+17	£1208	£757	£557
Sugar (LDP Raw)	$356.00	+6.2	$284.2	$388.4	$320.0
Barley Futures (Nov)	£116.45	+0.70	£104.50	£116.45	£103.45
Wheat Futures (Sep)	£113.85	-3.90	£105.00	£123.45	£111.00
Cotton Outlook A Index	88.65c	+1.85	77.95c	88.65c	73.70c
Wool (64s Super)	536p	-2	617p	580p	536p
Oil (Brent Blend)	$16.75z	-1.075	$17.625	$21.975	$16.475

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. z-July

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$14.30-4.40q	+0.10
Brent Blend	$16.73-6.77q	+.066
W.T.I. (1 pm est)	$18.04-8.08q	+0.08
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$229-231	+2
Gas Oil	$150-151	-0.5
Heavy Fuel Oil	$64-66	-2
Naphtha	$151-153	+0.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$367.25	+0.75
Silver (per troy oz)♣	523c	-4
Platinum (per troy oz)	$500.00	+0.75
Palladium (per troy oz)	$121.25	
Aluminium (free market)	$1550	
Copper (US Producer)	124c	
Lead (US Producer)	45c	
Nickel (free market)	390c	+6
Tin (Kuala Lumpur market)	16.97r	-0.08
Tin (New York)	298c	-2
Zinc (US Prime Western)	87c	
Cattle (live weight)†	105.22p	+1.09*
Sheep (dead weight)†	216.93p	-7.77*
Pigs (live weight)†	109.59p	+6.70*
London daily sugar (raw)	$356.0z	+8.4
London daily sugar (white)	$447.0	+5.0
Tate and Lyle export price	£325.0	+5.6
Barley (English feed)	£112u	
Maize (US No. 3 yellow)	£144.5w	+0.5
Wheat (US Dark Northern)	£124	
Rubber (Jul)♥	56.00p	
Rubber (Aug)♥	56.50p	
Rubber (KL RSS No 1 Jun)	231.5m	-0.5
Coconut oil (Philippines)§	$350z	
Palm Oil (Malaysian)§	$290q	
Copra (Philippines)§	$230	
Soyabeans (US)	£161.5v	+1.5
Cotton "A" Index	88.65c	
Wooltops (64s Super)	536p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jul. t-May/Jun. u-Aug v-May/Aug. w-Jun z-Jun/Jul y-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)			
Raw	**Close**	**Previous**	**High/Low**
Aug	330.80	329.80	332.00 329.00
Oct	328.00	327.60	329.60 326.60
Dec	326.00	328.00	315.00
Mar	310.00	310.80	312.00 309.40
Aug	307.60	309.00	309.60 307.00
White	**Close**	**Previous**	**High/Low**
Aug	439.0	439.5	440.0 439.0
Oct	405.0	403.0	405.0 402.5
Dec	390.5	391.5	390.5
Mar	386.0	388.0	385.2 385.0

Turnover: Raw2804 (2858)lots of 50 tonnes. White 354 (896)
Paris- White (FFr per tonne): Aug 2497, Oct 2292, Dec 2235, Mar 2210, May 2206

CRUDE OIL – IPE ($/barrel)	Latest	Previous	High/Low
Jul	16.50	16.61	16.87 16.50
Aug	16.83	16.98	17.22 16.83
Sep	17.35	17.38	17.50 17.35
Oct	17.60		17.65 17.60
IPE Index	16.71	17.18	

Turnover: 4179 (10184)

GAS OIL – IPE ($/tonne)	Latest	Previous	High/Low
Jun	147.25	150.00	151.00 147.25
Jul	147.50	150.00	151.00 147.25
Aug	149.75	152.75	152.50 149.75
Sep	154.25	155.00	154.50 153.75
Oct	154.75	157.50	157.00 154.75
Nov	158.00	158.75	159.00 158.00
Dec	158.50	159.75	160.25 158.50
Jan	159.00	159.50	159.50 159.00
Feb	158.50	158.25	159.00 158.50

Turnover 7900 (4673)lots of 100 tonnes

SPICES
Pepper - The International Pepper Community (IPC) conference was held in London this week, reports Man-producten. On Thursday, some 150 representatives of producing and consuming countries met to have a dialogue on the present pepper situation. The IPC provided pepper crop figures on the four main producing countries of about 177,000 tons for the year of 1990. Apart from discussing the actual and future supply situation, much attention was given to the necessity of greater cleanliness of spices. Cloves - The market is firmer, due to renewed buying interest from Singapore.

COCOA – London FOX (£/tonne)	Close	Previous	High/Low
May	946	948	955 950
Jul	963	967	969 958
Sep	976	982	1008 976
Dec	992	998	1023 989
Mar	1008	1013	1037 1005
May	1022	1027	1050 1026
Jul	1035	1043	1066 1034

Turnover: 14664 (7723) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for May 24 1184.51 (1146.86) 10 day average for May 25 1127.23 (1113.29)

COFFEE – London FOX (£/tonne)	Close	Previous	High/Low
May	639	646	645 636
Jul	658	682	665 652
Sep	668	675	677 665
Nov	678	684	687 676
Jan	689	695	699 689
Mar	705	710	713 704
May	720		727 720

turnover: 2898 (1807) lots of 5 tonnes
ICO indicator prices (US cents per pound) for May 24: Comp. daily 75.12 (74.82). 15 day average 73.25 (73.06)

POTATOES – BFE (£/tonne)	Close	Previous	High/Low
Apr	180.5	187.0	185.0 178.5

Turnover 155 (101) lots of 40 tonnes.

SOYABEAN MEAL – BFE (£/tonne)	Close	Previous	High/Low
Jun	118.00		118.00
Aug	119.00	119.00	119.00
Oct	122.00	121.00	122.00 121.50

Turnover 22 (10) lots of 20 tonnes.

FREIGHT FUTURES – BFE ($10/index point)	Close	Previous	High/Low
May	1307	1320	
Jun	1203	1218	1215 1200
Jul	1106	1120	1115 1105
Oct	1215	1215	1215 1210
Jan	1244	1245	1245 1240
BFI	1313	1317	

Turnover 141 (99)

GRAINS – BFE (£/tonne)			
Wheat	**Close**	**Previous**	**High/Low**
Jun	119.90	119.70	120.00 119.90
Sep	113.85	113.50	113.90
Nov	117.80	117.45	117.85 117.55
May	127.40	127.00	127.25
Barley	**Close**	**Previous**	**High/Low**
Sep	112.20	111.85	112.25 112.00
Nov	116.45	115.95	116.65 116.60
May	124.10		124.00

Turnover: Wheat 105 (268), Barley 58 (3).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg	Close	Previous	High/Low
Jun	135.0	133.5	135.0 134.0
Aug	122.0	121.5	121.5

Turnover 45 (186) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 14,525 tonne
Cash	1549-51	1580-2	1547	1547-8		
3 months	1572-3	1583-4	1585/1589	1571-2	1589-70	46,541 lots
Copper, Grade A (£ per tonne)						Ring turnover 31,575 tonne
Cash	1589-91	1603-4	1597/1590	1597-8		
3 months	1510-1	1520-1	1516/1505	1514-5	1508-9	81,582 lots
Lead (£ per tonne)						Ring turnover 7,100 tonne
Cash	486-8	496-8		482-4		
3 months	481-2	491-2	480/477	480.5-1.5	479-80	9,975 lots
Nickel ($ per tonne)						Ring turnover 972 tonne
Cash	8450-500	8340-60	8460	8450-60		
3 months	8450-75	8350-75	8475/8450	8450-75	8450-75	8,180 lots
Tin ($ per tonne)						Ring turnover 1,130 tonne
Cash	6360-70	6380-5		6340-60		
3 months	6480-5	6450-60	6500/6470	6470-80	6485-95	6,170 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 14,200 tonne
Cash	1766-8	1765-70	1780/1760	1782-3		
3 months	1701-2	1705-7	1720/1690	1702-3	1690-2	19,180 lots

LME Closing £/$ rate:
SPOT: 1.6820 3 months: 1.6647 6 months: 1.6498 9 months: 1.6198

LONDON BULLION MARKET		
Gold (fine oz) $ price		**£ equivalent**
Close	367-367½	217-217½
Opening	366¼-366¾	216¼-216¾
Morning fix	366.35	216.417
Afternoon fix	366.50	216.800
Day's high	367¼-367¾	
Day's low	366-366½	
Coins	**$ price**	**£ equivalent**
Maple leaf	375-380	221½-224½
Britannia	375-380	221½-224½
US Eagle	375-380	221½-224½
Angel	375-380	221½-224½
Krugerrand	366-369	216½-218½
New Sov.	86-88	50½-52
Old Sov.	86-88	50½-52
Noble Plat	506.00-514.00	299.30-304.50
Silver fix	**p/fine oz**	**US cts equiv**
Spot	309.05	522.50
3 months	320.70	533.50
6 months	332.20	544.65
12 months	354.85	567.80

TRADED OPTIONS				
Aluminium (99.7%)	**Calls**		**Puts**	
Strike price $ tonne	July	Sep	July	Sep
1500	77	100	13	28
1600	22	47	57	72
1700	4	18	137	140
Copper (Grade A)	**Calls**		**Puts**	
2450	188	133	30	102
2550	103	80	64	155
2650	57	57	117	220
Coffee	Jul	Sep	Jul	Sep
600	53	80	5	15
650	29	46	21	34
700	10	29	52	64
Cocoa	Jul	Sep	Jul	Sep
900	74		12	
950	41	76	29	48
1000	21	52	58	74
Brent Crude	Jul	Aug	Jul	Aug
1700				
1750				
1800		25		

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
May	368.2	368.5	0	0
Jun	368.4	368.9	369.1	367.1
Jul	370.5	368.8	0	0
Aug	373.0	371.3	373.5	371.5
Oct	377.8	376.1	377.8	378.4
Dec	382.5	380.7	383.0	381.0
Feb	387.4	385.5	388.3	386.4
Apr	392.2	390.3	0	0
Jun	397.4	395.5	395.5	395.5

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
May	502.8	497.8	501.0	499.0
Jul	504.8	500.7	505.0	500.0
Oct	511.3	507.1	511.8	507.0
Jan	517.8	513.1	518.0	515.0
Apr	523.2	519.0	0	0
Jul	529.1	524.9	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
May	521.5	522.8	526.0	521.5
Jun	522.0	523.5	0	0
Jul	526.0	527.5	529.5	524.5
Sep	534.5	536.0	538.0	533.5
Dec	546.5	548.0	549.5	545.0
Jan	550.3	551.8	0	0
Mar	558.0	559.5	561.5	560.0
May	566.2	567.7	567.5	567.5
Jul	574.5	576.0	0	0
Sep	583.2	584.7	585.0	585.0

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	May 25	May 24	mnth ago	yr ago
	1929.2	1920.7	1939.7	2006.6
DOW JONES (Base: Dec. 31 1974 = 100)				
	May 24	May 23	mnth ago	yr ago
Spot	135.81	135.67	138.28	133.89
Futures	133.84	133.17	134.11	132.74

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
May	119.95	119.95	120.20	118.30
Jun	117.75	119.30	117.75	117.25
Jul	115.25	115.65	115.70	114.10
Aug	111.40	112.20	0	0
Sep	110.10	110.80	110.40	109.30
Oct	108.85	109.50	0	0
Nov	107.60	108.00	0	0
Dec	106.35	106.75	106.80	105.70
Jan	104.85	105.25	105.00	105.00
Mar	102.85	103.25	103.00	102.20

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Jul	17.72	17.88	18.17	17.67
Aug	18.44	18.57	18.80	18.43
Sep	19.00	19.06	19.36	19.00
Nov	19.84	19.72	20.01	19.80
Jan	19.90	19.85	20.15	19.90
Feb	19.86	19.84	20.11	19.85
Mar	19.89	19.83	20.08	19.89

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Jul	4930	5006	5025	4925
Aug	5030	5098	5125	5030
Sep	5205	5263	5265	5205
Jan	5580	5597	5625	5580

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Jul	1484	1480	1525	1480
Sep	1487	1514	1541	1485
Dec	1505	1535	1558	1504
Mar	1525	1552	1581	1525
May	1545	1568	1600	0
Jul	1560	1585	1620	1584

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Jul	97.20	97.30	98.30	96.60
Sep	98.70	99.00	99.90	98.40
Dec	101.25	101.50	102.25	100.80
Mar	103.40	103.40	104.15	103.40
May	105.25	105.25	106.25	105.20
Jul	106.90	106.90	108.50	107.00
Sep	108.55	107.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Jul	14.69	14.80	14.80	14.66
Oct	14.67	14.70	14.70	14.61
Mar	14.09	14.11	14.12	14.01
May	14.00	14.01	14.01	13.95
Jul	13.81	13.88	13.87	13.80
Oct	13.90	13.65	13.61	13.60

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Jul	80.03	79.54	80.50	79.50
Oct	71.95	70.97	72.05	71.16
Dec	69.06	68.25	69.20	68.40
Mar	70.00	69.15	70.00	69.37
May	70.50	69.50	70.80	69.50
Oct	65.00	64.25	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Jul	197.40	195.75	198.00	192.50
Sep	194.30	192.35	194.75	190.00
Nov	187.00	188.00	187.50	185.00
Jan	184.00	182.95	184.35	183.00
Mar	183.90	182.95	184.00	183.50
May	183.45	182.70	183.00	183.00
Jul	183.45	182.70	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Jul	619/0	615/4	622/4	617/4
Aug	625/4	621/6	628/4	623/4
Sep	627/4	624/4	630/4	626/0
Nov	634/6	632/2	636/4	633/4
Jan	644/6	642/4	648/4	644/4
Mar	655/6	654/6	660/0	655/4
May	665/0	662/4	669/0	664/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	23.94	23.80	23.98	23.74
Aug	23.70	23.63	23.75	23.57
Sep	23.48	23.39	23.53	23.35
Oct	23.10	22.96	23.17	23.05
Dec	22.84	22.64	22.85	22.65
Jan	22.60	22.42	22.60	22.50
Mar	22.36	22.17	22.41	22.25
May	22.11	21.95	22.20	22.11

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Jul	182.2	181.5	183.5	182.0
Aug	183.9	183.0	184.9	183.5
Sep	185.5	184.6	186.7	185.1
Oct	186.8	186.0	188.0	186.5
Dec	190.2	189.9	191.5	189.8
Jan	191.2	191.2	192.5	191.2
Mar	195.0	194.7	195.0	194.5
May	197.0	196.5	197.0	196.0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Jul	284/0	280/4	284/4	281/4
Sep	279/0	274/6	279/4	276/2
Dec	276/4	271/4	277/0	273/0
Mar	282/4	277/4	283/0	279/4
May	285/4	280/6	286/0	283/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Jul	330/0	330/4	332/4	328/4
Sep	337/0	334/6	337/2	334/4
Dec	349/6	347/2	349/4	347/4
Mar	355/4	352/4	355/4	353/0
May	348/0	345/0	350/0	348/0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Jun	73.52	73.50	73.65	73.42
Aug	73.02	72.80	73.10	72.72
Oct	75.55	75.40	75.70	75.37
Dec	75.82	75.37	75.65	75.40
Feb	75.35	75.10	75.35	75.02
Apr	76.00	75.82	76.00	75.90

LIVE HOGS 30,000 lb; cents/lbs	Close	Previous	High/Low	
Jun	65.95	65.85	66.22	65.75
Jul	63.82	63.45	64.00	63.60
Aug	61.92	61.65	61.97	61.57
Oct	53.97	53.90	54.20	53.87
Dec	53.95	53.65	54.05	53.80
Feb	51.72	51.52	51.75	51.30
Apr	47.90	47.80	47.95	0

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	65.85	65.47	66.25	65.25
Aug	63.80	63.57	64.20	63.20
Feb	60.02	59.90	60.35	59.70
Mar	59.45	59.25	59.70	59.20
May	57.40	59.40	57.75	57.40

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Support for weak French franc

THE BANK of Italy intervened to sell the lira for the fourth day this week as the Italian currency again hit its maximum permitted level within the European Monetary System yesterday.

Direct intervention by the Bank of France to support the franc at the bottom of the EMS remained discrete and hard to detect, but dealers suspected that buying of francs against the lira by a large state-owned French bank was too large to be a routine commercial transaction, and was probably made at the request of the French authorities.

In Milan the French franc was fixed at its EMS floor of L218.13, as the Bank of Italy bought FFr270m, bringing its total purchases on the week to about FFr1bn. By the close the franc had fallen to L218.00, pushing the cross rate outside its official limit. At the Milan fixing the Italian central bank also bought DM175m and Ecu20m. The D-Mark rose slightly to L734.00 from L732.82 at the fixing and finished at L734.25 in London. It also rose in terms of the French franc to FFr3.3680 from FFr3.3565 at the close, but weakened against the Japanese yen.

The yen was generally firm, breaking through two significant barriers. The D-Mark fell below Y90.00, to finish at Y89.00 in London, while the dollar ended lower than Y150.00, after falling below this level earlier in Tokyo. There was no direct reason for the yen's strength, but dealers said lack of confidence in the D-Mark, over the issue of German monetary union, had led to money flowing back into the Japanese currency.

Foreign exchange trading was generally subdued, ahead of long week-end holidays in the US and Britain. The dollar showed little reaction to a rise of 0.3 per cent in US personal income. This was the smallest rise since last September, but was higher than market expectations of 0.2 per cent. A rise of 0.6 per cent in spending was the largest since January.

At the London close the dollar had fallen to Y149.70 from Y151.45, but had advanced to DM1.6820 from DM1.6810; to FFr5.6650 from FFr5.6425; and to SFr1.4250 from SFr1.4210. On Bank of England figures the dollar's index fell to 67.2 from 67.3.

Sterling was on the sidelines, holding steady against the dollar, while improving against the D-Mark, but losing ground to the strong yen. There was no economic news to move the pound, but the currency remained supported by recent speculation about early full British membership of the EMS.

Sterling closed unchanged at $1.6900. It climbed to DM2.8425 from DM2.8400; to FFr9.5750 from FFr9.5350; and to SFr2.4075 from SFr2.4025, but fell to Y253.00 from Y256.00. The pound's index gained 0.1 to 89.1.

£ IN NEW YORK

May 25	Latest	Previous Close
£ Spot	1.6890-1.6900	1.6880-1.6890
1 month	0.94-0.92pm	0.98-0.96pm
3 months	2.76-2.73pm	2.75-2.73pm
12 months	9.20-9.10pm	9.18-9.11pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.6900	1.6807	1.6629	1.6387	1.5999
D-mark	2.8425	2.8264	2.7961	2.7570	2.6944
French Fr.	9.5750	9.5340	9.4554	9.3499	9.1856
Swiss Fr.	2.4075	2.3956	2.3714	2.3377	2.2767
Yen	253.00	251.41	248.29	243.92	235.94

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

May 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6885-1.6935	1.6895-1.6905	0.94-0.92cpm	6.60	2.73-2.70pm	6.43
Ireland†	1.5920-1.6005	1.5945-1.5955	0.40-0.35cpm	2.82	1.12-1.02pm	2.68
Canada	1.1815-1.1860	1.1835-1.1845	0.56-0.59cdis	-5.83	1.62-1.67dis	-5.56
Netherlands	1.8835-1.8945	1.8920-1.8930	0.04-0.02cpm	0.19	0.09-0.07pm	0.17
Belgium	34.40-34.65	34.55-34.65	2.00-7.00cdis	-1.56	8.00-17.00dis	-1.45
Denmark	6.38-6.40¼	6.39¾-6.40¼	1.18-1.38oredis	-2.40	3.20-3.70dis	-2.16
W. Germany	1.6745-1.6845	1.6815-1.6825	0.04-0.02pfpm	0.21	0.06-0.03pm	0.11
Portugal	147.55-147.85	147.55-147.65	83-93cdis	-7.15	280-295dis	-7.79
Spain	104.95-104.90	104.65-104.75	51-56cdis	-6.13	153-161dis	-5.99
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

POUND SPOT- FORWARD AGAINST THE POUND

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

London rates ease

Interest rates were softer in London yesterday as the pound held steady on the foreign exchanges. There was no important economic news, but Mr John Major, the UK Chancellor, warned against any early cut in bank base rates. Three-month sterling interbank eased to 15$\frac{1}{16}$-15$\frac{1}{32}$ per cent from 15⅛-15$\frac{1}{16}$ and 12-month money declined to 15$\frac{1}{16}$-14$\frac{15}{16}$ per cent from 15⅛-15.

Short sterling futures traded quietly on Liffe at around the level justified by 15 per cent base rates. The September contract opened a little firmer at 85.34, but eased back to close at 85.30, compared with 85.32 on Thursday.

UK clearing bank base lending rate 15 per cent from October 5

Day-to-day credit remained in short supply on the money market. The Bank of England initially forecast a shortage of £1,250m, but revised this to £1,300m at noon. Total help of £1,258m was provided.

An early round of assistance was offered and at that time the authorities bought £634m bills, including £53m bills outright, by way of £1m Treasury bills in band 2 at 14⅞ per cent and £52m bank bills in band 2 at 14⅞ per cent. Another £581m bills were purchased for resale to the market on June 4 at 14$\frac{15}{16}$ per cent.

Before lunch a further £345m bills were bought outright, via £100m bank bills in band 1 at 14⅞ per cent; £47m Treasury bills in band 2 at 14⅞ per cent; and £198m bank bills in band 2 at 14⅞ per cent.

In the afternoon the Bank of England purchased £279m bills outright, through £129m bank bills in band 1 at 14⅞ per cent; £5m Treasury bills in band 2 at 14⅞ per cent; and £145m bank bills in band 2 at 14⅞ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £892m, with a rise in the note circulation absorbing £485m, and bank balances below target £25m. These outweighed Exchequer transactions adding £150m to liquidity.

At the weekly Treasury bill tender the average rate of discount on 91-day bills rose to 14.4592 from 14.4512 per cent. The top accepted rate of discount was 14.4596 per cent, down from 14.4797 previously. The £500m bills on offer attracted bids of £3.03bn, against £1.532bn for a similar amount last week. The average rate of discount on £200m of £182-day bills increased to 13.9170 per cent from 13.8880. These met applications of £651m, compared with £1.015bn.

FINANCIAL FUTURES AND OPTIONS

[illegible]

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open int.
May	2124.0	2110.0	-13.0	2124.0	2107.0	3,037
June	2125.0	2113.0	-15.0	2125.0	2112.0	2,314
July	2124.0	2121.0	-5.0	2124.0	2124.0	203
September	-	-	-	-	-	10

Estimated volume 2,[illegible] Total Open interest 5,564

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6900	1.6807	1.6629	1.6387	1.5999

FT GUIDE TO WORLD CURRENCIES
Every Tuesday in the FT

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

BANK RETURN

BANKING DEPARTMENT	Wednesday May 23, 1990		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	43,244,763	-	2,084,384
Bankers Deposits	1,753,423,294	+	62,107,912
Reserve and other Accounts	1,892,831,256	+	7,405,646
	3,704,052,313	+	67,449,174
ASSETS			
Government Securities	1,027,291,798	-	169,255,000
Advance and other Accounts	1,107,733,119	+	315,913,814
Premises Equipment & other Secs	1,560,912,827	-	77,218,470
Notes	7,949,820	-	1,851,867
Coin	165,109	-	39,303
	3,704,052,313	+	67,449,174
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,862,050,180	+	221,851,867
Notes in Banking Department	7,949,820	-	1,851,867
	15,870,000,000	+	220,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	11,886,895,433	+	1,337,155,407
Other Securities	3,772,089,467	-	1,117,155,407
	15,870,000,000	+	220,000,000

BASE LENDING RATES

	%		%		%
ABN Bank	15	Coutts & Co	15	NatWestminster	15
Adam & Company	15	Cyprus Popular Bk	15	Northern Bank Ltd	15
Allied Trust Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Duncan Lawrie	15	Provincial Bank PLC	16
● Henry Ansbacher	15	Equatorial Bank plc	15	Roxburghe G'rantee	15½
Associates Cap Corp	15½	Exeter Trust Ltd	15½	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Financial & Gen. Bank	15	Royal Trust Bank	15
Bank of Baroda	15	First National Bank Plc	16½	● Smith & Williamson Secs	15
Banco Bilbao Vizcaya	15	● Robert Fleming & Co	15	Standard Chartered	15
Bank Credit & Comm	15	Robert Fraser & Ptrs	15½	TSB	15
Bank of Cyprus	15	Girobank	15	Unibank Plc	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk	15	Westpac Bank Corp	15
Beneficial Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15½
Brit Bk of Mid East	15	C. Hoare & Co	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk	15		
Clydesdale Bank	15	Midland Bank	15		
Comm. Bk N. East	15	Mount Banking	15		
Co-operative Bank	*16	Nat Bk of Kuwait	15		

● Members of British Merchant Banking & Securities Houses Association. * Deposit now 5.9% Sureseise 8.5%. Top Tier-£50,000+ Instant access 13.7% & Mortgage base rate. § Demand deposit 9%. Mortgage 15.2% - 15.95%

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 1827

Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) – £101⅞ ¾₆

Corporation and County Stocks
No. of bargains included 4

[illegible]

UK Public Boards

[illegible]

Commonwealth-Government

[illegible]

Foreign Stocks, Bonds, etc-(coupons payable in London)

[illegible]

Ireland 12½% Ln Stk 2008(Reg) – £102⅞ (18My90)

New Zealand 7⅞% Stk 88/92 – £97⅛ (21My90)

11¾% Stk 2008(Reg) – £90 1½

11¾% Stk 2008(Br £5000) – £92⅜ (21My90)

11½% Stk 2014(Reg) – £94¾ (22My90)

Nova Scotia(Province of)11¾% Ln Stk 2019 – £93 (23My90)

16⅝% Ln Stk 2011 – £127⅞ (23My90)

14½% Ln Stk 2006 – £96♦

Portugal(Rep of)9% Ln Stk 2016(Reg) – [illegible]

[illegible]

Banks and Discount Companies

[illegible]

Breweries and Distilleries

[illegible]

Corporation Stocks – Foreign

[illegible]

Sterling Issues by Overseas Borrowers

[illegible]

Registered Housing Associations

[illegible]

Commercial, Industrial, etc

[illegible]

Financial Trusts, Land, etc

[illegible]

Unit Trusts

[illegible]

Mines – Miscellaneous

[illegible]

Mines – South African

[illegible]

Oil

[illegible]

Insurance

[illegible]

Investment Trusts

[illegible]

Property

[illegible]

Plantations

[illegible]

Shipping

[illegible]

Utilities

[illegible]

Water

[illegible]

Miscellaneous Warrants

[illegible]

USM Appendix

[illegible]

The Third Market Appendix

[illegible]

Rule 535(2)

[illegible]

Severn Valley Railway(Hldgs)PLC Ord £1 – £0.8

Southern Newspapers PLC Ord £1 – £2.85 2.9

Sun Oil Britain Ld Oil Royalty Stk Units 1p – £0.68 (23My90)

Transatlantic Hldgs PLC Ord 80p – £3.437827 (21My90)

Weetabix Ld"A" Non.V Ord 25p – £8.85 (22My90)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Ampol Exploration A$2.25 2.26036 (23/5)
Aust. Foundation Inv 62 (23/5)
Batu Kawan M$3.0448 (21/5)
Beverly Enterprises $5¼ ♦ ¼ ♦
Boise Cascade Corp. $36½ ♦ (22/5)
Boral Ord. Stk. A$3.42433 ♦ 3.44 ♦ 3.4 (23/5)
Bounty Inv A$1.78 (21/5)
Bukit Sembawang S$5.37032 (18/5)
Cape Range Oil A$0.075 0.079 (18/5)
Community Psychiatric Centers $26½ ♦ (22/5)
Cons. Modderfontein 33 (23/5)
Conwest Exp Class 'A' C$13⅞ (23/5)
DaiNippon Screen Manufacturing Y 1704.384 (21/5)
Energy Resources Aust. Class "A" Ord. A$1.95 1.95876 (23/5)
Forest Laboratories $41⅛ ♦ (23/5)
Horizon Pacific A$0.019 (21/5)
Kara Corp A$0.75 ♦ 0.75 0.80 (23/5)
Kyocera International $27⅛ ♦
Killinghall Tin (Malaysia) Berhad Ord (Local) 65 ♦ (21/5)
Kulim Malaysia Ord 40 ♦
Kulim Malaysia Ord (Malay Ord) M$2.28
Malaysian Airline System M$ 8.21625 (22/5)
Malaysian Plantations 20 (21/5)
National Electronics (Consolidated) 3½
Nixdorf Computers AG Pf Shs DM330½ ♦
North Flinders Mines A$2.891 (18/5)
Oceaneering Int 85 (22/5)
Oil Search 24
Overseas Chinese Banking Corp S$11.6 ♦ 11.874
Regal Hotels (Hldgs) 15
Regent Mining A$0.01 (23/5)
Rorer Group $67¼
SAAB-Scania Ser "A" SK 277.5 8.5 84.8 (18/5)
Selangor Coconuts M$2.10 (21/5)
Tandem Resources 12 (18/5)
Target Resources 6 (22/5)
United Overseas Land S$2.2
Vamgas A$2.78737 2.8 (23/5)
Vultan Minerals A$0.162 (18/5)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Prices lower ahead of the holiday

THE UK stockmarket had an erratic but sluggish session yesterday as dealers tidied up outstanding trading positions ahead of a weekend extended by the closure of the London market for the Spring Bank Holiday on Monday. It was also the final day of the two-week account in the equity market which has seen share prices rise sharply on growing optimism over early British entry into the European Monetary System.

Share prices were on the downside throughout yesterday although selling pressure was light. There were signs that several of the big investment houses were re-assessing the likelihood of early EMS entry, and London was also cautious over prospects for the US currency and fixed interest and equity markets there.

Account Dealing Dates		
*First Dealings:		
May 14	May 29	Jun 11
Option Declarations:		
May 24	Jun 7	Jun 21
Last Dealings:		
May 25	Jun 8	Jun 22
Account Day:		
Jun 4	Jun 18	Jul 2

*New time dealings may take place from 8.00 am two business days earlier

Although calmer yesterday, the stock and index futures continued to influence the trend of the underlying cash market. The FT-SE June futures contract ended at a premium of about 23 points, slightly less than the recent average and a good deal below the 60 point premiums seen in some of the more hectic sessions of the past fortnight.

The Footsie Index lost 18 points in early trading, before rallying to close at 2,265.6, a final loss on the day of 11.5 points. Over this week, the Index has shed 8.5 points amid concern over the UK April trade deficit of £1.78bn, disclosed on Wednesday. However, over the two week *account*, the Footsie Index has shown a gain of 89.7 points or some 4 per cent, as the equity market continued to hope that entry into the EMS would bring reductions in domestic base rates sooner than expected. It was also a trading account which saw widespread gyrations in daily business volume (See chart).

Mr Ian Harnett, chief economist at Strauss Turnbull, was among those to take a bullish equity stance in the wake of the hints of EMS entry which have featured the markets recently. And UBS Phillips & Drew is "confident that equities will outperform cash in the second half of the year," but stresses that technical rather than fundamental factors have determined the speed of the recovery to date.

However, S.G. Warburg Securities warns that it is likely to be some time before interest rates are allowed to fall and market expectations may be running ahead of events; the firm still sees no base rate cut this year.

Another reason for caution expressed yesterday was the outlook for the US currency and for the American economy. However, so many London traders had sold stock ahead of Wall Street's opening that the Dow's fall of 23 points in London trading hours served only to prompt bear covering in London by traders unwilling to leave selling positions exposed over the weekend.

P&O hit by legal ruling

P & O fell quickly on the news that an Old Bailey judge had effectively given the go-ahead for the company to face manslaughter charges arising from the 1987 capsizing of a ferry near the Belgian town of Zeebrugge.

Analysts came to the rescue of the shares, saying that although the market had been taken by surprise, the company would not be seriously damaged by any likely court penalty. They said that if found guilty, the company would probably be fined rather than be prevented from carrying out any part of its business. "The market has reacted more on sentiment than by looking at the fundamentals," said Mr Clive Anderson at Kitcat & Aitken.

The shares duly recovered before the close to finish at 605p, down 7 on the previous close but the same margin about the day's lowest point. Turnover was a steady 868,080 in this usually thinly traded stock.

STC strong

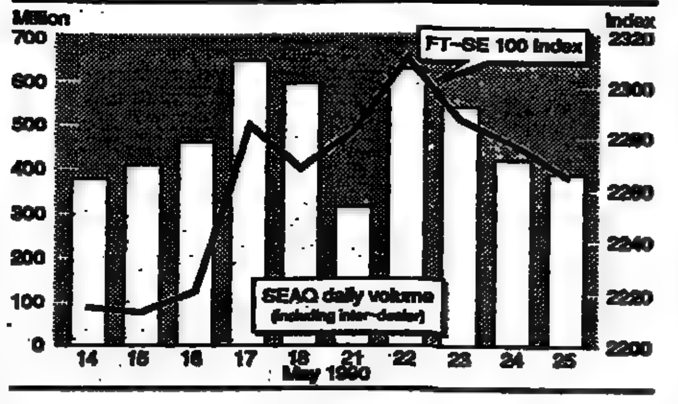
Electronics group STC gave easily the best performance of the FT-SE 100 stocks after a report that Fujitsu, the Japanese computer manufacturer, would be prepared to take a stake in ICL, STC's computer subsidiary. STC advanced to a day's high of 272p before closing a busy session a net 13 firmer at 269p. Turnover reached 6.9m shares, well above usual levels.

Dealers said stories that Fujitsu were keen on taking a stake in ICL had been in the market for many months. "Fujitsu is one of a long list of names of international computer groups that have been linked with STC for a year at least," said one trader.

"Apart from giving the name of Fujitsu's President, there is nothing new in the story, although the sharp rise in the shares tells you many believe they will buy a big slice of ICL," he added.

Midland Bank rallied modestly, closing 2 harder at 278p on 2.3m shares. Nomura confirmed it had cut its profits forecast for the high street bank and published a sell note on the stock. Mr John Tyce, Nomura's banks analyst said "domestic net interest income will show minimal growth in 1990 because of decelerating volumes and lower margins and that the percentage charge for UK bad debts is set to rise."

The spate of downgrades in composite insurances continued with Sun Alliance a further 2 off at 311p after BZW reduced its numbers. The securities house cut its 1990 estimate from £108m to £82m. Kleinwort, advising clients to switch out of Sun Alliance and into Sedgwick, confirmed their Sun Alliance forecast for 1990 at £30m, a savage reduction from the previous £140m. Sedgwick held at 253p.



Activity in the oil and gas sector was much reduced after the interest earlier this week when share prices fell on the back of lower oil prices and a more cautious approach to the sector taken by analysts.

Ultramar stood out yesterday, the shares rose 5 to 344p on good turnover of 2m as a leading UK investment house highlighted the outlook for the group's liquefied natural gas business and forecast a strong run by the shares to around the 380p level.

BP were slightly ahead at 317p on 5.3m but Shell eased 2 to 455p on 4m, despite the minor recovery by oil prices yesterday. British Gas, due to announce preliminary figures next Thursday, held at 213p as Nomura's oil and gas research team issued a pre-results buy note on the stock. Nomura is going for a final dividend of 7.8p, 25 per cent up on last year and expects Gas to achieve net income of £1.01bn against last year's £899m.

On the takeover battle for Consumers Gas of Toronto, Nomura said Gas may win without having to increase its offer resulting in only 2 per cent earnings per share dilution. Nomura added that "with exaggerated political fears continuing to take their toll, a stock repurchase programme must look increasingly tempting to the management."

Grand Metropolitan led the brewery sector lower after the company said its Alpo Petfoods business in the US was no longer for sale. Analysts had suggested the operation might raise $600m.

Mr John Walters of the brewery team at Smith New Court said that had the sale gone ahead it would have increased next year's earnings by about 2 per cent. This was the equivalent of 12p a share and, therefore, the market's response – marking the price 13 lower to 592p – was reasonable. He is still bullish on the stock, saying that its looked cheap on prospective p/e. Turnover was a respectable 3.8m shares.

Most other breweries shed a few pence with the market.

Euro Disneyland fell 38 to 1069 after the Walt Disney Company said it planned to issue zero-coupon notes exchangeable into the cash value of Eurodisney shares. Traders said the notes offered investors a more defensive investment vehicle.

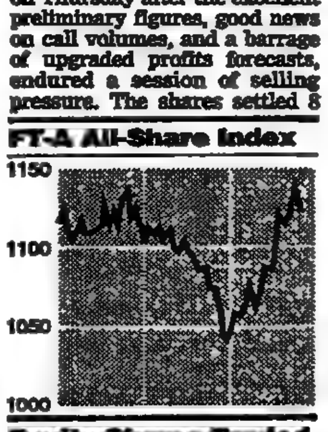
Persistent talk of a bid from Rank Organisation for Mecca Leisure kept a lid on the former's shares, down 7 at 791p, while the latter recovered from early weakness to record an improvement of a penny to 83p. Rank's turnover was above average at 1m shares, while 5.8m Mecca changed hands.

A clutch of recent brokers' reviews on television contractors continued to provide support for many of the sector's better known names. The best performance yesterday came from Central TV, up 9 to 674p. Anglia added 2 at 252p, and TVS firmed a penny to 90p.

Blue Circle Industries continued edge higher to close 4 firmer at 247p amid persistent speculation that a stakebuilder, or builders, may be unmasked by the end-May rule change on share stakes or that a bidder might materialise.

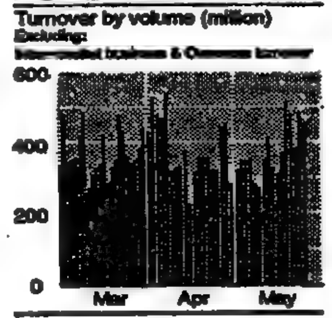
British Telecom, whose shares featured so prominently on Thursday after the excellent preliminary figures, good news on call volumes, and a barrage of upgraded profits forecasts, endured a session of selling pressure. The shares settled 8 off at 278p with turnover holding up well at 9.9m shares. Dealers put the weakness down to "typical Friday end-account selling, coupled with profit-taking."

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



BZW's telecoms team upped its current year expectation to £3.05bn and that for the following 12 months to £3.55bn. Nomura goes for a current year £3bn and £3.375bn the year after, while Hoare Govett plumps for £3.025bn and £3.415bn. Smith New Court expects £2.98bn for this year and rates the stock "a long term sell," citing "the competitive threat from, among others, Mercury, Racal, the PCN (personal communications network) licencees and US telephone companies."

GEC ran into further selling pressure, closing 4½ off at 200½p on 3.3m, while news of the expansion in the US left Racal Electronics 4 off at 212p. The sale by McKechnie of its extruded products division for £37m helped the shares rise more than 10 at one point. By the close they had settled at 259p, a net improvement of 7. The buyer is Boliden, a part of the Trelleborg Group of Sweden.

The prospect of a share split next month from Lucas continued to help the company's shares, up another 10 to 645p on steady turnover of 1m.

■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 8.

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (97). AMERICAN (4) BUILDINGS (3) CHEMICALS (1) STORES (1) ELECTRICALS (3) ENGINEERING (4) FOODS (3) INDUSTRIALS (16) ASD, Huntingdon Intl., Huntleigh Tech., Jardine Hldgs., Jardine Strategic, Quotient, Relyon, Robertson Grp., Tomkins (FH), Do. &8pc Cv. Pf., LEISURE (1) PAPERS (1) TRANSPORT (1) TRUSTS (8) OVERSEAS TRADERS (1) THIRD MARKET (1). NEW LOWS (66). AMERICANS (1) CANADIANS (4) BANKS (2) BREWERS (1) BUILDINGS (9) CHEMICALS (3) STORES (1) ELECTRICALS (2) ENGINEERING (4) FOODS (3) INDUSTRIALS (8) Anglo Utd., Cologen Inc., Cooper (Alan), Norton Grp., Paper Systems, Spectrum, Third Mile, Tubular Edgington, INSURANCE (2) LEISURE (1) MOTORS (1) NEWSPAPERS (1) PAPERS (1) PROPERTY (3) TRUSTS (8) WATER (2) OILS (4) MINES (5) THIRD MARKET (4).

RISES AND FALLS

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	4	72	32	126	293	72
Corps. Dom. & Foreign Bonds	0	10	14	12	26	82
Industrials	349	[illegible]	880	2,166	1,816	4,236
Financial and Props	161	160	401	686	777	2,035
Oils	26	28	45	105	128	211
Plantations	0	0	10	6	2	46
Mines	29	27	108	170	162	461
Others	45	88	118	313	314	606
Totals	604	717	1,681	3,787	3,316	7,794

FINANCIAL TIMES STOCK INDICES

	May 25	May 24	May 23	May 22	May 21	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	78.25	78.36	78.56	79.23	79.23	86.20	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	87.06	87.29	87.25	87.42	87.45	96.91	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1800.0	1805.2	1810.0	1829.5	1810.8	1776.8	1968.3 (3/1)	1653.6 (30/4)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	211.2	209.7	211.5	211.6	212.6	171.2	378.5 (6/2)	207.1 (18/5)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2265.6	2277.1	2287.4	2311.3	2282.1	2140.3	2463.7 (3/1)	2103.4 (30/4)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	5.11	5.08	5.07	5.02	5.08	4.47				
Earning Yld %(full)	11.56	11.49	11.47	11.35	11.43	10.82				
P/E Ratio(Net)(*)	10.48	10.52	10.54	10.65	10.58	11.19				
SEAQ Bargns 4.45pm	25,638	24,440	31,298	32,954	25,555	24,602				
Equity Turnover(£m)†	-	n/a	1112.50	1179.21	666.61	1331.51				
Equity Bargains†	-	n/a	30,814	31,367	26,085	26,750				
Shares Traded (ml)†	-	n/a	480.4	491.5	367.7	495.5				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 ☆ Nil 10.35

Ordinary Share Index, Hourly changes Day's High 1804.0 Day's Low 1794.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1802.2	1797.4	1797.4	1802.4	1800.8	1799.3	1798.8	1797.1	1796.1

FT-SE, Hourly changes Day's High 2276.3 Day's Low 2258.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2275.9	2268.5	2268.4	2271.3	2267.0	2265.8	2260.3	2260.4	2260.5

GILT EDGED ACTIVITY

Indices*	May 24	May 23
Gilt Edged Bargains	n/a	108.8
5 – Day average	n/a	110.9

*SE Activity 1974 †Excluding intra-market business & Overseas turnover. Calculation of the FT indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value was discontinued on July 31. Closing values for July 31 available on request. London report and latest Share Index Tel 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	234	182	
ASDA Group	4,000	103	
Abbey National	2,000	186	-1
Allied-Lyons	2,300	489	-11
Amstrad	1,300	67	-½
Anglian Water	484	138	-3½
Argos	1,000	212	+3
Argyll Group	487	230	+1
Ass. Brit. Foods	248	384	+1
BAA	1,000	404	-1
BAT Inds.	1,300	688	-5
Courtaulds	902	333	+3
Dalgety	650	347	-3
Dixons	1,000	126	+1
ECC Group	408	375	
Enterprise Oil	174	610	-1
FKI	4,100	71	+2
Ferranti	745	37	
Fisons	827	359	+2
Gen. Accident	320	1062	+5
General Elect.	3,300	200½	-4½
Glaxo	2,600	784	-21
MEPC	731	494	-5
Manpower	0	77	
Marks & Spencer	4,400	218½	+½
Maxwell Comm.	880	194	
Mecca Leisure	5,800	83	+1
Midland Bank	2,200	278	+2
NatWest Bank	2,100	329	-2
Next	2,700	69	-2
North West Water	1,200	156	-2½
Northern Foods	885	336	-3
Northumbrian Water	555	185	-5
Slough Ests.	581	284	-3
Smith (W.H.) A	14	329	
Smith & Nephew	2,700	109½	+½
SmKl Beecham	1,400	524	-3½
SmKl Beecham Units	85	445	-35
Smiths Inds.	462	339	
South West Water	485	161	
Southern Water	152	131	-2
Standard Chartd.	333	488	-1
Storehouse	797	111	+2
Sun Alliance	1,900	311	-1
[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

LEADERS AND LAGGARDS

Percentage changes since December 29 1989 based on Thursday May 24 1990

Packaging & Paper	+	4.96
Food Retailing	+	4.49
Agencies	+	3.21
Metals & Metal Forming	+	2.39
Chemicals	+	0.19
Engineering (Gen)	-	1.82
Water	-	2.16
Conglomerates	-	2.26
Stores	-	2.48
Brewers and Distillers	-	2.55
Engineering (Aero)	-	2.89
Electronics	-	3.46
Other Groups	-	4.04
Transport	-	4.49
Building Materials	-	4.94
Industrial Group	-	5.26
Consumer Group	-	5.41
Electricals	-	5.57
500 Share Index	-	5.89
Capital Goods	-	5.92
Health & Household Products	-	6.22
	-	6.35
All Share Index	-	6.66
Telephone Networks	-	6.85
Textiles	-	6.87
Insurance (Life)	-	7.23
Investment Trusts	-	7.71
Oil & Gas	-	8.54
Banks	-	8.60
Merchant Banks	-	8.82
Food Manufacturing	-	9.36
Other Industrial Materials	-	9.39
Motors	-	9.80
Insurance (Brokers)	-	10.19
Financial Group	-	10.45
Publishing & Printing	-	11.78
Contracting, Construction	-	12.56
Property	-	12.71
Overseas Traders	-	14.26
Leisure	-	14.94
Insurance (Composite)	-	15.28
Gold Mines Index	-	32.18

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	93-15	-7/32	12.75	12.65	13.64
		10.500	5/99	90-26	-14/32	12.20	12.05	13.01
		9.000	10/08	82-29	-13/32	11.21	11.03	11.90
US TREASURY *		8.875	05/00	101-09	-9/32	8.68	8.72	8.97
		8.500	02/20	97-31	-36/32	8.69	8.71	8.96
JAPAN	No 119	4.800	6/99	88.3331	+0.668	6.89	7.08	7.57
	No 2	5.700	3/07	92.5306	+1.184	6.64	6.91	7.12
GERMANY		7.750	02/00	93.4500	-0.100	8.76	8.86	8.80
FRANCE	BTAN	9.000	02/95	96.5180	-0.057	9.93	9.96	9.94
	OAT	8.500	03/00	93.0800	-0.440	9.61	9.56	9.61
CANADA *		9.750	05/00	90.9000	-0.650	11.30	10.88	11.50
NETHERLANDS		7.750	01/00	92.2200	-0.090	8.97	8.98	8.99
AUSTRALIA		12.000	7/99	92.2378	+0.007	13.49	13.60	13.76

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Gold price takes another beating

?P fall in the gold price, ...iled attempt to break ...her ground, and ...ef flirtation with 22- ...hs yesterday were ... of attention ...ise fairly routine London commod-

...g past the $370- ...ark on Monday ...ullion market ...ssault on the ...rrier on Tues- ...ternoon fixing at $375.10 an ...led the day at ...e following a ...Eastern selling ...op of the mar-

...nothing, how- ...o the pound- ... from Middle the following ...y rise to to ...ith an esti- of the pre- ...g onto the ...plunged to one point ...e day at

...raders waited with bated breath to see if that was the end of the story, or if more long holders were lining up to take the plunge. After all, memories were still fresh of the market's $26-an-ounce fall in the space of four days two months ago as Middle Eastern operators sold an estimated 50 tonnes of gold. It was widely believed that the same sellers were behind this week's price mayhem.

It appeared yesterday that the dust had settled – the price closed at $367.25 an ounce, up 75 cents on the day and down only $2.50 on the week. But gold traders warned that a further test of support around the $361-an-ounce mark was not out of the question when the markets reopened after the long-weekend break in the UK and the US.

Cocoa's surge to £989 a tonne (in the July futures position) was chiefly a reaction to continued unrest in the Ivory Coast, the biggest producer, where customs officials at the port of Abidjan have gone on strike. But yesterday's peak was also influenced by private forecasters' warnings of dry weather returning to West African growing areas.

However, later reports that the customs strike was affecting shipments only slightly and of light showers in the West African growing areas sparked off a wave of profit-taking, and with producer selling being attracted by the high prices the close saw the July cocoa price at £963 a tonne, down £4 on the day and up £19 on the week.

The overall pattern on the futures market for robusta coffee, also widely-grown in West Africa and of which the Ivory Coast is again a significant producer, was similar to that on the cocoa market. The July futures price ended £17 up on the week at £693 a tonne after falling by £4 yesterday. The price had not responded noticeably, however, to the strike and weather fears.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	-2,125	to 163,175
Copper	+1,000	to 77,100
Lead	+25	to 33,825
Nickel	-234	to 8,376
Zinc	-5,350	to 46,450
Tin	+75	to 11,795

At the London Metal Exchange base metals prices mostly finished with modest gains despite falling back yesterday.

A £13.50 decline yesterday left cash copper at £1,590 a tonne, up £17 on the week. The decline was put down principally to book-squaring, however, and dealers were generally quite bullish about the market's performance in holding up despite bearish news such as the ending of the Centromin strike in Peru and labour contract agreements in the US.

On the constructive side this week was a generally unexpected LME stocks fall of 2,575 tonnes announced on Tuesday, although 1,000 tonnes of that had been replaced by Thursday night, according to yesterday's stocks report.

Yesterday's announcement of a 5,350-tonne stocks fall to 46,450 tonnes helped to hold the zinc market steady yesterday despite copper's decline. Having fallen only 50 cents on the day the cash price closed at $1,767 a tonne, up $54.50 on the week.

A report that Nuova Samim plans to restart its 84,00 tonnes a year Port Vesme smelter in Sardinia in July hit lead prices and by the close the market had surrendered all but £2.50 of its earlier £12.50 rise. The sardinian smelter was halted by a boiler accident in September and has remained closed for modernisation work.

News of a big rise in US oil stocks put the Brent crude market under pressure this week and made for lively trading at London's International Petroleum Exchange. The Brent price dipped from last Friday's $17.82½ a barrel to $16.68¼ on Thursday before recovering somewhat yesterday.

Richard Mooney

APPOINTMENTS

New chief for MB Group

■ Following the annual meeting Mr Anthony Hitchens *(pictured)* has become non-executive chairman of MB GROUP. He was formerly non-executive chairman of Caradon which was acquired by MB in November 1989. He is currently non-executive chairman of Y.J. Lovell(Holdings).

■ Sir Claus Moser, chairman of the board of the Royal Opera House Covent Garden and a director of NM Rothschild and Sons, is to become chairman of HAROLD HOLT. Mr Martin Campbell-White becomes deputy chairman.

■ Mr David Reich, chairman of TMD Advertising Holdings, is to become chief executive of CARAT INTERNATIONAL on October 1. He will remain chairman of the UK group and the position of chief executive will be taken over by Mr Ray Kelly, who is currently managing director of TMD Advertising, the group's largest subsidiary. At TMD Advertising, Mr Reich will remain chairman, Mr Philip Coulson will become chief executive and Mr Kelly deputy chairman.

■ THE PRIVATE BANK & TRUST CO has appointed Mr Magdi Elbadawi as assistant director-personal banking. He joins early in July from Lloyds Merchant Bank.

■ The NUGENT GROUP has appointed Mr Mark Castle as sales and marketing director at its subsidiary, John Nugent Construction. He was previously with the LESSER GROUP.

■ Mr Rodney Greenwood has been made managing director of F.R. WOOD DEVELOPMENTS, Birmingham, the industrial and commercial development arm of the Wood Group. He was formerly managing director of a Brighton-based property company.

■ Mr W. Campbell, director and general manager of LEE BRIGHT BARS, has been appointed its managing director. Mr R.D. Wildsmith, sales manager, has been made sales director. The company is a subsidiary of Arthur Lee & Son.

■ DALGETY is appointing three new directors on June 1: Mr Bryan Fawcett, chief executive of Dalgety's agribusiness group, Mr R.C. Humphreys, chief executive of the food ingredients group and Mr John West, chairman of Christian Salvesen, who joins the board as a non-executive director. Mr Hugh Mellor is leaving the company on June 30 to become chairman and chief executive of Classix Investments.

■ PROVIDENCE CAPITOL LIFE ASSURANCE has appointed Mr Dennis Smith as marketing actuary. He was marketing manager, protection products at Legal & General.

■ Mr Chris Harrison, former managing director of the COMPUTER MANAGEMENT GROUP's information processing subsidiary, has been made a divisional director with overall responsibility for its payroll and personnel services operation throughout Europe.

■ J H MINET REINSURANCE BROKERS has appointed Mr Ted Doodes as managing director of its new special accounts division.

■ Mr Allan Hughes has become a board member at COLONIAL MUTUAL GROUP, the life assurance and financial services company. He is a senior partner with solicitors Payne Hicks Beach.

■ Ms Melanie L. Brown has been appointed to the board of CLAREMONT PRESS, the Horsham-based printers.

■ Mr Dennis Camilleri *(pictured)* has been appointed managing director of LAETUS SYSTEMS. He joins from Melles Griot, where he was general manager.

■ At ABBEY LIFE Mr Gary Easterbrook has become an executive director, management services division.

■ SCOTTISH NUCLEAR has made the following changes: Mr Andrew Douglas, who has been director of engineering and production since 1989, has been redesignated director of production and corporate development. Mr James Grant, previously chief engineer, has been appointed director of engineering and development.

■ GRAINHURST PROPERTIES, the joint venture company owned by Regalian Properties, Hyperion Properties and Higgs and Hill, has appointed Mr Brian Bing as executive director.

■ At FERRY PICKERING GROUP Mr Graham Nixon is to step down as chairman to concentrate on the development of the business as chief executive. Mr Peter Wardle, who joined the board in January, will take over as non-executive chairman on June 1.

■ WILMOTT DIXON MAINTENANCE has appointed Mr Howard Kitson and Mr David Duthie to the board of its northern operation.

■ Mr Steve Harris has been appointed managing director of EVANS HEALTHCARE, a wholly-owned subsidiary of Medeva. He joins from Gensia Europe, where he was managing director.

■ Mr Simon de Zoete, a director of Barclays de Zoete Wedd Holdings, has become a director of the RIVER PLATE AND GENERAL INVESTMENT TRUST.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

High Income						
American Income	6	51.27	51.27	54.83	-0.78	5.88
Gilts & Fixed Int	6	105.0	105.0	111.3	+0.4	9.88
High Inc Equity	6	129.7	133.2xd	141.7	-0.1	4.48
Worldwide Bond	6	189.2	189.2xd	200.5	-0.2	6.43
Capital Growth						
American Growth	6	191.4	195.0	205.3	-0.3	1.13
Asian Pacific	6	141.0	141.2	153.3	+0.3	0.00
Assets & Earnings	6	151.8	151.8	162.3	-0.1	2.99
Capital Reserve Acc	0	92.07	92.07	92.19	-0.01	6.51
Capital Reserve Inc	0	77.38	77.38	77.49	----	7.74
Comdty & Energy	6	95.79	95.79	102.4	-1.0	0.00
Dividend & Growth	6	47.26	48.36	51.44	----	4.37
1992 Enterprise	6	61.41	62.73	64.73	-0.11	2.01
Euro Capital Acc	6	103.9	103.9	111.1	-0.3	0.86
Euro Capital Inc	6	99.74	99.74xd	106.6	-0.4	0.89
General	6	170.9	170.9	182.7	-0.1	2.74
International	6	60.69	61.32	65.23	+0.07	0.77
Japan	6	103.3	103.3	110.4	+2.3	0.00
Mastertrust	6	90.06	90.06	96.32	+0.32	1.94
UK Growth Acc	6	170.5	170.5	182.3	+0.6	1.78
UK Growth Dist	6	111.4	111.4xd	119.1	+0.4	2.72
US Emerging Cos	6	59.62	59.62	63.76	+0.03	0.00
Income & Growth	4	290.6	290.6xd	310.8	-0.4	3.30
Ethical	6	46.98	46.98	50.24	+0.4	1.99

[illegible]

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administration and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ✠ - 0001 to 1100 hours; ‡ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ◊ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

FT MANAGED FUNDS SERVICE

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Timberlake Trust Mngrs Ltd (0900)F

Touche Remnant Unit Tst Mngt Ltd (1600)F

Trades Union Unit Tst Mngrs (1200)H

Thornton Unit Managers Ltd

Touche Remnant Unit Tst Mngt Ltd

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

OTHER UK UNIT TRUSTS

Legal & General—Contd.

Merchant Investors Assurance Co Ltd.—Contd.

Continued on next page

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OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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	Bid Price	Offer Price	+ or -	Yield Gross
Lazard Fund Managers –Contd.				
Lazard Global Equity	$28.26	30.05	—	—
Lazard Int Inc $ (Dist)	[illegible]	[illegible]	—	[illegible]
Lazard Int Inc $ (Acc)	[illegible]	[illegible]	—	—
Lazard Int Inc £ (Dist)	£8.70	9.15xd	—	[illegible]
Lazard Int Inc £ (Acc)	£10.94	11.55	—	—
Lazard Japan Fund	$32.57	36.14	-0.29	—
Lazard Sth Am	$20.90	22.25xd	—	—
Lazard Sel Port £ Cap	£13.91	15.04	+0.15	—
Lazard Sel Port £ Inc	£9.37	9.88	+0.14	13.1
Lazard Sel Port $ Cap	$13.63	14.70	-0.01	—
Lazard Sel Port $ Inc	$8.61	9.08	+0.01	8.2

	Int Chge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
John Govett –Contd.						
Japanese Equity	[illegible]	[illegible]	1,494	1,507	+7	0.0
Far East Equity	[illegible]	[illegible]	13.46	13.61	+0.04	1.0
US Equity	[illegible]	$12.42	12.42	12.55	+0.01	2.0
European Equity	[illegible]	[illegible]	16.47	16.64	+0.05	2.0
UK High Income	[illegible]	£4.44	4.44	4.46	+0.01	12.0
UK Equity General	[illegible]	£4.72	4.72	4.76	-0.02	3.0

Initial charge may alter for sales in other jurisdictions

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

Money Market Trust Funds

Money Market Bank Accounts

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (2pm)

[illegible]

CANADA (2pm)

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

FRANCE (continued)

[illegible]

GERMANY

[illegible]

GERMANY (continued)

[illegible]

ITALY

[illegible]

ITALY (continued)

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

MALAYSIA

[illegible]

SINGAPORE

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

INDICES

NEW YORK

DOW JONES	May 24	May 23	May 22	May 21	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2855.55	2856.26	2852.23	2844.68	2856.26 (23/5)	2543.24 (30/1)	2856.26 (23/5/90)	41.22 (2/7/32)
Home Bonds	90.21	90.09	90.16	89.95	93.04 (3/1)	88.48 (2/5)	—	—
Transport	1199.50	1166.61	1169.63	1180.65	1201.10 (2/1)	1031.83 (30/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	212.15	213.03	213.09	214.22	236.23 (2/1)	203.09 (30/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2878.08 (2869.07) Low 2828.04 (2824.95)

STANDARD AND POOR'S	May 24	May 23	May 22	May 21	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	358.41	359.29	358.43	358.00	359.69 (2/1)	322.98 (30/1)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	418.45	419.32	418.20	417.23	419.32 (23/5)	371.92 (30/1)	419.32 (23/5/90)	3.62 (21/6/32)
Financial	29.74	29.67	29.48	29.50	31.87 (3/1)	26.59 (27/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	195.47	195.85	195.58	195.28	[illegible] (2/1)	[illegible] (30/1)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	360.76	359.65	359.85	359.36	382.45 (5/1)	342.64 (24/4)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	458.29	456.87	455.89	452.89	460.90 (3/1)	410.72 (30/1)	485.73 (9/10/89)	54.87 (31/10/72)

	May 18	May 11	May 4	year ago (approx.)
Dow Industrial Div. Yield	3.99	3.93	4.05	3.35

	May 23	May 16	May 9	year ago (approx.)
S & P Industrial div. yield	2.94	2.98	3.07	3.21
S & P Indl. P/E ratio	16.08	15.49	15.20	12.86

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Philip Morris	3,665,900	[illegible]	- 1
Texas Utl.	2,757,800	36⅞	+ ⅜
Citizen Stns.	2,481,800	25⅝	+ ⅛
Westinghouse	2,258,100	35⅞	+ ⅞
McDonalds	1,938,500	35⅛	+ 1
Deere Co.	[illegible]	72⅝	- ⅜
Royal Dutch	1,494,500	76¼	- ½
Eastman Kodak	1,473,900	41½	+ ⅜
IBM	1,445,300	[illegible]	- ⅛
Hewlett-Pack.	1,433,400	118⅝	- ⅛

TRADING ACTIVITY

† Volume Millions	May 24	May 23	May 22
New York	195.140	172.330	203.350
Amex	21,999	15.574	14.284
NASDAQ	174.331	188.749	190.164
Issues Traded	2,020	2,009	1,990
Rises	712	753	814
Falls	801	739	695
Unchanged	507	517	481
New Highs	69	71	117
New Lows	30	26	32

CANADA

TORONTO	May 24	May 23	May 22	May 21	1990 HIGH	1990 LOW
Metals & Minerals	3067.00	3106.30	3104.30	(c)	3453.05 (4/1)	2850.80 (23/4)
Composite	3510.60	3519.50	3540.60	(c)	4009.47 (3/1)	3334.20 (1/5)
MONTREAL Portfolio	1804.22	1810.10	1827.76	(c)	2060.90 (3/1)	1720.25 (27/4)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	May 25	May 24	May 23	May 22	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1479.8	1471.6	1473.7	1465.4	1713.7 (2/1)	1434.5 (30/4)
All Mining (1/1/80)	731.3	725.6	730.0	725.8	860.8 (5/1)	715.3 (1/5)
AUSTRIA						
Credit Aktien (30/12/84)	(u)	(c)	569.94	558.82	708.29 (19/3)	526.59 (2/1)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	(u)	(c)	6156.48	6134.92	6599.43 (12/1)	5568.16 (26/2)
DENMARK						
Copenhagen SE (3/1/83)	374.62	(c)	374.65	374.14	380.47 (28/3)	352.96 (25/4)
FINLAND						
Unitas General (1975)	575.3	576.1	575.4	577.9	677.3 (23/1)	562.2 (11/5)
FRANCE						
CAC General (31/12/82)	562.94	(c)	562.95	554.94	562.95 (23/5)	482.94 (26/2)
CAC 40 (31/12/87)	2111.90	(c)	2123.34	[illegible]	2129.32 (20/4)	1800.32 (26/2)
GERMANY						
FAZ Aktien (31/12/58)	774.78	(c)	776.99	764.62	838.92 (3/4)	732.71 (24/1)
Commerzbank (1/12/53)	2242.8	(c)	2250.1	2216.4	2414.0 (3/4)	2151.5 (24/1)
DAX (30/12/87)	1823.17	(c)	1831.80	1813.26	1968.55 (30/3)	1756.41 (24/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3059.50	3048.01	3028.31	2970.87	3067.67 (19/4)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1646.87	1643.80	1640.35	1642.75	1893.10 (22/1)	1582.61 (2/5)
ITALY						
Banca Com. Ital. (1972)	738.88	736.73	731.72	733.33	738.88 (25/5)	646.73 (26/2)
JAPAN						
Nikkei (16/5/49)	32795.88	32311.75	32176.51	31938.30	38712.88 (4/1)	28002.07 (2/4)
Tokyo SE (Topix) (4/1/68)	2419.94	2395.90	2394.95	2390.59	2867.70 (4/1)	2058.82 (5/4)
2nd Section (4/1/68)	3892.85	3893.60	[illegible]	[illegible]	4284.68 (9/2)	3313.92 (5/4)
MALAYSIA						
KLSE Composite (4/4/86)	586.51	586.73	583.63	581.39	622.28 (20/2)	518.53 (2/5)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	264.8	(c)	265.8	265.6	269.0 (3/1)	240.1 (26/2)
CBS All Shr (End 1983)	197.5	(c)	198.3	198.2	206.3 (3/1)	184.2 (26/2)
NORWAY						
Oslo SE (Ind) (2/1/83)	851.75	(c)	855.50	857.21	857.21 (22/5)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	903.61	874.89	878.36	908.00	1160.70 (21/3)	874.89 (24/5)
SINGAPORE						
SES All-Singapore (2/4/75)	437.39	438.40	438.69	440.84	443.34 (6/2)	401.34 (30/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1628.0♦	(c)	1629.0♦	1678.0	2230.0 (16/1)	1628.0 (25/5)
JSE Industrial (28/9/78)	2916.0♦	(c)	2924.0♦	2924.0	3211.0 (6/2)	2794.0 (25/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	790.73	785.79	787.91	785.93	928.82 (4/1)	688.66 (30/4)
SPAIN						
Madrid SE (30/12/85)	281.41	282.48	282.87	283.25	302.85 (4/1)	248.17 (2/4)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1262.00	(c)	1248.30	1239.70	1317.88 (12/1)	1127.20 (2/4)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	794.3	(c)	793.2	787.7	794.3 (25/5)	737.6 (27/3)
TAIWAN**						
Weighted Price (30/6/66)	6146.44	6587.77	7014.40	6720.32	12495.34 (10/2)	6146.44 (25/5)
THAILAND						
Bangkok SET (30/4/75)	976.83	971.33	974.69	978.05	978.05 (22/5)	768.39 (7/2)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	519.7	521.2	519.0	571.0 (4/1)	468.3 (2/4)

**Saturday May 19: Taiwan Weighted Price: (c) Korea Comp Ex. 765.16

♦ Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE 25 Industrials—264.3 and Australia All Ordinary and Mining—500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow falls on poor profit forecast from Adobe

Wall Street

A DISAPPOINTING earnings forecast by Adobe Systems, a manufacturer of computer software, caused a rush of profit-taking in the technology sector yesterday which pulled the broad market lower, *writes Janet Bush in New York.*

At 2pm, the Dow Jones Industrial Average was quoted 13.52 points lower at 2,842.03 on low volume of 76m shares. Many market participants took the day off yesterday ahead of the long Memorial Holiday weekend and the sell-off of computer stocks had an exaggerated impact on the market.

The Dow had closed 0.71 point lower on Thursday at 2,855.55, bringing to an end a string of three sessions when the index closed at new record highs earlier this week.

The Nasdaq Composite index of over-the-counter stocks fell 3.86 points to 454.43 by midsession. The OTC market is where many prominent technology and computer companies are traded including Adobe Systems which fell $15½ to $35. Among other OTC technology issues, Sun Microsystems fell $¾ to $30¼ and Apple Computer dropped $1⅛ to $40¼.

On the New York Stock Exchange, Compaq Computer slumped $2⅞ to $119⅝ and Motorola was quoted $2¼ lower at $81⅝. In contrast, Digital Equipment added another $1 to $93¾.

Adobe said it expects to report net income of 29 to 37 cents a share in its fiscal second quarter, well below analysts' forecasts of between 49 and 53 cents a share.

The profits forecast hit a sector which had made sharp gains this week and had played a significant part in leading the broad market higher. There was scope for profit-taking although the resilience of Digital Equipment suggested that the correction might be temporary or selective.

The equity market was also undermined by a sell-off in the bond market where the Treasury's benchmark long bond was quoted ⅝ point lower at midsession for a yield of 8.67 per cent. Bonds suffered from indigestion after a poor five-year auction and also on news of a 0.6 per cent rise in consumption spending in April.

Blue chips were mixed to lower at yesterday's midsession. IBM fell $1¼ to $117⅞, Caterpillar slipped $⅞ to $67⅞, Sears, Roebuck fell $⅜ to $36 and American Telephone & Telegraph slipped $⅛ to $42¼.

Dennison Manufacturing jumped $7⅝ to $26⅜ on news that Avery Internatonal had agreed definitively to acquire the company for stock valued at around $500m. Avery, which fell $3 to $25⅛, will swap 1.12 of its common shares for each share of Dennison.

PNC Financial fell $1⅝ to $35⅝ after it said that its second quarter earnings would be lower than a year ago and would include a provision for loan losses of around $65m to $75m.

Canada

TORONTO stocks were lower at midsession, weakened by heavy losses on Wall Street. The composite index fell 13.0 to 3,497.6 on volume of 10.17m shares. Declines led advances 224 to 157.

Among active industrials, Nova Corp fell C$⅛ to 8⅛, Canadian Imperial lost C$¼ to C$26, Bank of Nova Scotia eased C$¼ to C$12¼ and Toronto-Dominion slipped C$⅛ to C$17.

Seagram tumbled C$1½ to C$101⅞ on profit-taking after two successive sessions of heavy gains due to a rise in its dividend. Hudson's Bay jumped C$3¼ C$32¼ following the announcement on Thursday that it plans to spin off its real estate subsidiary, Markborough Properties.

SOUTH AFRICA

GOLD shares closed mixed in a dull market as traders watched for further signs of weakness in the bullion price. The all-gold index was 1 lower at 1,628 while the overall index fell 20 to 3,161. De Beers closed R1.75 lower at R98.25.

ASIA PACIFIC

Volume hits 1bn shares as Nikkei takes off

Tokyo

INSTITUTIONAL investors returned to the market in force yesterday. As the yen climbed further against the dollar, turnover on the market swelled to the highest level seen this year and share prices posted a strong gain for the fourth day in succession, *writes Michiyo Nakamoto in Tokyo.*

Volume surged from 600m to 1bn shares, a level of activity that has not been seen on the market since last December. The Nikkei average took off in morning trading, opening at its low for the day of 32,340.38 and closing 482.13 higher at 32,783.88 against a day's high of 32,838.89.

Rising issues outnumbered decliners by 608 to 354 and 166 issues were unchanged. The Topix index of all listed stocks saw a rise of 24.04 to 2,419.94, and in London the ISE/Nikkei 50 index rose 3.68 to 1,808.37.

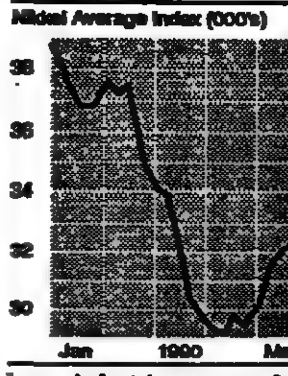
Growing expectations that signs of a slowdown in the US economy would lead to lower interest rates in the US led to a further fall in the dollar. During the day the US dollar fell below Y150 for the first time since early March. At the same time, investors in Tokyo have interpreted Wall Street's recent rise to mean that investors in the US expect an easier monetary policy there.

Institutional investors, who had mostly maintained a cautious stance during the market's recovery of the last few weeks, were encouraged by the yen's rise to buy into high-capitalisation issues. Financial institutions, in particular, had kept their cash positions high, said Mr Hiroshi Taguchi, and were eager to get back into the market now that they have sold more or less what they wanted to sell.

"Investors are increasingly bullish about the market," said Mr Taguchi, "and they are afraid of the risk of not being in a rising market." Steels and heavy industries accounted for eight of the top ten most actively traded issues. Mitsui Engineering and Shipbuilding topped the list with 86.7m shares and gained a firm Y55 to Y1,040.

Japan

Nikkei Average Index (000's)



NKK followed with 77.8m shares and a rise of Y32 to Y709. NKK has been particularly popular among the steels, as it has business in shipbuilding, which has been a very prosperous sector recently. Nippon Steel was third in volume with 56.7m shares and rose Y13 to Y640.

Sectors such as steels and heavy industries were sold heavily during the market collapse, when the yen fell sharply against the dollar. Their low prices made them attractive targets as the yen recovered and interest rates remained relatively stable.

Other heavily capitalised favourites yesterday included general contractors, which returned to the limelight on expectations that US pressure on Japan to increase public spending would boost their profits. Ohbayashi and Taisei both added Y80 to Y1,690 and Y1,370 respectively.

Electricals were neglected in spite of the announcement that Sony, which was seen as a benchmark for the sector, posted record profits for the business year to March 31. Sony fell Y200 to Y8,550.

Activity in Osaka mirrored the Tokyo market although the OSE average did not rise as strongly as the Nikkei, climbing Y192.99 to 34,995.86. Volume, however, surged to 102.3m shares from 59.9m traded on Thursday.

Roundup

OPTIMISM in Hong Kong contrasted with apparent despair in Taiwan yesterday, after an active week in the region.

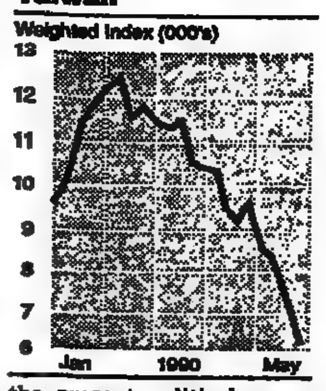
HONG KONG extended its gains for the sixth successive day on continued overseas buying, although profit-taking brought share prices off their highs.

The market was cheered by US President George Bush's support for a renewal of China's Most Favoured Nation status; there were signs, too, that China's hardline leadership may have begun to adopt a more moderate line in the run-up to the June 3 anniversary of the Peking massacre. The Hang Seng index rose 11.49 to 3,059.50, the best close for five weeks. Turnover remained heavy at HK$1.60bn after HK$1.58bn. Utilities issues posted the sharpest gains, followed by banks.

TAIWAN nosedived as the market became even more pessimistic about its future, given the present political uncertainty, growing capital outflow and decreasing exports. The weighted index fell 441.33 to 6,146.44 points, the lowest close since January 1989 and down 17.2 per cent since last Friday. Turnover shrank to NT$36.1bn from NT$61.1bn.

Taiwan

Weighted index (000's)



MANILA rose on bargain-hunting after recent losses, prompted by political uncertainty and terrorist activity. Rumours that Saniwares would make a scrip issue helped. The stock rose 3.50 pesos to 58.50 pesos. The composite index rose 28.72 to 903.61, down 2.8 per cent on the week.

NEW ZEALAND was lifted by better-than-expected results from Carter Holt Harvey and Bank of New Zealand (BNZ). But turnover fell to 8.4m shares or NZ$12.5m from 7.6m shares or NZ$13.8m, with few investors willing to keep big positions ahead of the weekend. The Barclays index rose 20.35 to 1,757.39, down 0.6 per cent on the week.

BNZ jumped 7 cents to 86 cents on heavy turnover of 1m shares while Capital Markets, which owns 30 per cent of BNZ, rose 9 cents to NZ$1.03. Carter Holt jumped 5 cents to NZ$2.55 on a 41 per cent jump in profits.

AUSTRALIA closed firm on short-covering before the weekend, and next week's spate of economic data. The All Ordinaries index rose 8.3 to 1,480.4, little changed on the week, and turnover rose to 86m shares or A$235m, boosted by options-related activity, from 86m shares valued at A$188m.

Transportation stocks were *in demand, because of falling* world oil prices, with TNT up 8 cents to A$2.47 and Mayne Nickless 12 cents firmer at A$5.76. Gold miners recovered a bit after falling earlier this week on a weaker bullion price.

SINGAPORE closed weaker on late selling, the Straits Times index slipping 2.93 to 1,565.35, up 0.8 per cent on the week. KUALA LUMPUR's composite index was down 0.22 to 586.51, and up 3.6 per cent respectively. SEOUL rose on first-quarter GNP growth of 10.3 per cent, and a strike settlement at Hyundai Motor. The composite index rose 4.94 to 790.73, for a week's rise of 3.2 per cent.

A pleasing market for optimist and pessimist

Patrick Blum reviews Portugal's performance

THERE is something to please both the optimist and the pessimist in the recent performance of Portugal's stock market. The pessimist will point to the 20 per cent fall in the Banco Totta e Acores (BTA) index between November and April and to the lacklustre performance of the market since then.

From a peak of 3,705 early last November, the index fell to a low of 2,828 in March this year, although it has since staged a partial recovery – rising by some 8¾ per cent to 3,069 by last night's close.

Share trading remains moderate and interest has become more focused on a smaller number of stocks.

The optimist takes the longer view, and though no-one expects a new surge in prices, the recent upward move of the index is thought likely to continue, albeit at a modest rate and with occasional dips. Mr Joao Rendeiro, an investment strategist with fund managers Gestifundo, identifies several reasons for this year's decline.

Events in eastern Europe have distracted interest from the smaller west European markets; local shares which rocketed to record prices last year with an overall rise of the index of 40 per cent, had become overvalued and some correction was to be expected. The world-wide outlook became more uncertain and contributed to the fall, he says.

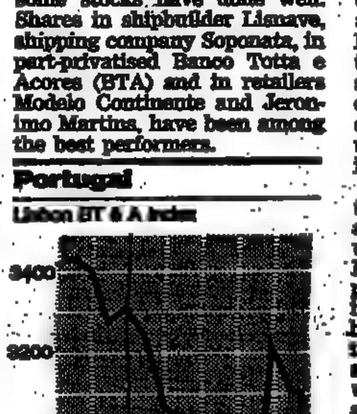
High interest rates, both domestic and international, and the prospect of rates rising further, combined with specific fears about inflation in Portugal, also played their part.

"The outlook is not too favourable and we are not expecting a major surge of the index. I think that interest will be concentrated in specific stocks."

In spite of the downturn, some stocks have done well. Shares in shipbuilder Lisnave, shipping company Soponata, in part-privatised Banco Totta e Acores (BTA) and in retailers Modelo Continente and Jeronimo Martins, have been among the best performers.

Portugal

Lisbon BT & A Index



Good profits and prospects for these companies – Lisnave recently won a Esc 1.5bn ($10m) maintenance and repair contract from Chevron of the US – and the forthcoming second tranche of privatisation for BTA, have encouraged interest. Mr Rendeiro also believes that BTA shares are undervalued and likely to continue to attract buyers.

Prospects for the Portuguese economy remain good with strong growth of 3.5 per cent to 4 per cent forecast for this year. This will help companies to maintain a high rate of activity and corporate profits are expected to rise. The most bullish analysts believe that now is the time to buy as prices are relatively low and bound to improve.

Foreign buying continues to dominate the stock market, at times accounting for almost three-quarters of trading. Foreign investors accounted for about 70 per cent of the Esc 84bn worth of shares traded during last autumn's six week boom. Foreign interest waned as the market subsequently turned, but has picked up again with a moderate rise in demand.

British institutional investors have been particularly active in the past week, buying up 139,000 shares worth Esc 754m and representing 1.4 per cent of Lisnave's share capital in trading last Friday. Earlier in the week, British based investors also bought 172,000 shares in Jeronimo Martins worth about Esc 1.2bn ($8m) and representing 4.6 per cent of the company's share capital.

Foreign interest is reported to remain strong in other "blue chip" companies including Banco Comercial Portugues, Banco Portugues de Investimento and Marconi, the telecommunications company.

Two forthcoming privatisations issues may give a new impetus. First is BTA, 49 per cent privatised last year, in which another 31 per cent of shares will be offered; the second will see the completion of the privatisation of Unicer, a brewery, also part-privatised last year. Both sales will take place next month.

Other planned privatisations include Centralcer (another brewery), and a first tranche in Banco Portugues do Atlantico, the largest state-owned commercial bank, though this is unlikely to take place before the autumn.

In the meantime, analysts expect institutional fund managers to wait and see as foreign buying concentrates on a small group of highly selective stocks.

EUROPE

Special situations enliven post-holiday trade

WHAT MIGHT have been a dull day on the Continent was enlivened by special situations, in Paris and elsewhere, *writes Our Markets Staff.*

PARIS saw renewed activity in Michelin, with more than one million shares crossed between Courcoux-Bouvet in Paris and Charterhouse in London. The seller was said to be French, while the buyers were European and American. Michelin is protected from being taken over because it is a *"société en commandite par actions"* or limited share partnership. But there is growing speculation that this legal status will be declared illegal by the European Commission, which would open up Michelin, as well as Pechelbronn and Casino, to hostile bidders. Michelin closed FFr0.50 lower at FFR128.50.

Elsewhere, Elf and its subsidiary Elf Gabon were sold frantically after news of unrest in the African country. Elf closed FFr26 lower at FFr706 with 250,250 shares traded while Elf Gabon had to be suspended temporarily as it fell more than 10 per cent at the opening. The stock hit a low of FFr1,240 before closing FFr82 down at FFr1,360 with a very high 14,775 shares traded.

Euro Disneyland fell FFr3.50 to FFr104.70 in heavy trading of 1.2m shares on news that Disney was offering zero-coupon notes exchangeable into a cash value linked to the price of Euro Disneyland. There were some concerns that holders of Euro Disneyland might sell out and buy the more defensive notes instead.

The CAC 40 closed 11.44 lower at 2,111.90, little changed on the week.

FRANKFURT opened with a continued recovery but ended with the FAZ down 2.21 to 774.78 at midsession and the DAX 8.68 lower at 1,828.17, for falls on the week of 1.7 and 1.1 per cent respectively. Volume virtually halved to DM4.3bn from Wednesday's DM8.2bn.

Blue chips led the way down, and they went even softer in London after hours, after a weaker opening on Wall Street. The main pocket of activity was in financials where Dresdner, once again, led again the most active stocks by a long way in turnover of DM828m; it went ex dividend after hours.

Elsewhere in the sector, Bayernhypo fell a net DM11.50 to DM874.50 with analysts saying that the Bavarian banks are more sensitive to high interest rates than their bigger brethren. AMB rose DM8 to DM890, up DM63 on the week on takeover prospects for the Co op retailing group, with which it has a well-known connection.

AMSTERDAM saw the airline KLM jump Fl 2.40 to Fl 34.30 after heavy demand for the company's ADR's in New York on Thursday. Brokers said falling oil prices and a growing consensus that the stock had hit bottom after its poor 1989 results were behind the rise. Gist-Brocades rose FL 1.70 to 33.50 on renewed takeover speculation and a buy report from BZW. The CBS Tendency index was 0.3 higher at 119.4, little changed on the week.

MILAN hit another high for the year, with the Comit index adding 2.15 to 738.88, up 2.04 per cent on the week.

ZURICH's Crédit Suisse index closed at 638.8, up 2.0 on the day and 2.2 per cent on the week after a late round of profit-taking. STOCKHOLM extended its rally with the Affärsvärlden general index up 11.7 and 2.7 per cent respectively, after this week's one-point cut to 11 per cent in the Riksbank discount rate. Volvo rose SKr12 to SKr350 after meeting analysts in London.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MAY 24 1990						WEDNESDAY MAY 23 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (81)	132.10	−0.4	115.89	115.28	+0.0	6.03	132.62	116.10	115.24	158.31	125.65	133.95
Austria (19)	239.75	−0.1	210.33	207.93	+0.0	1.30	239.96	210.07	207.93	285.63	193.15	115.11
Belgium (61)	148.90	+0.0	130.63	126.50	+0.0	4.56	148.90	130.35	126.50	160.02	132.11	128.16
Canada (119)	135.31	−0.5	118.71	118.11	−0.4	3.46	136.04	119.10	116.58	153.61	130.37	135.66
Denmark (33)	256.62	−0.1	225.13	222.50	+0.0	1.29	256.92	224.93	222.50	260.82	236.69	170.50
Finland (26)	139.93	+0.2	122.75	115.01	+0.2	2.38	139.67	122.27	114.80	152.29	129.99	141.84
France (125)	166.63	−0.2	146.18	147.48	+0.0	2.79	167.00	146.20	147.48	168.85	141.69	116.20
West Germany (93)	129.29	−0.5	113.43	112.99	+0.0	1.98	129.95	113.77	112.99	137.71	122.05	81.24
Hong Kong (46)	126.48	+0.5	110.96	126.38	+0.5	4.92	125.83	110.16	125.69	126.90	112.24	115.70
Ireland (17)	181.48	+0.2	159.21	159.78	+0.4	2.74	181.16	158.62	159.16	196.57	172.72	137.47
Italy (96)	106.39	+0.4	93.33	97.77	+0.7	2.44	105.93	92.74	97.13	106.43	91.85	75.45
Japan (454)	153.17	−0.1	134.37	146.68	+0.1	0.57	153.32	134.22	146.54	197.26	124.40	179.54
Malaysia (36)	234.45	+0.5	205.67	243.70	+0.4	2.21	233.30	204.24	242.65	245.32	204.15	174.94
Mexico (13)	528.80	+2.4	463.91	1636.78	+2.5	0.32	516.59	452.25	1596.74	528.80	324.53	220.49
Netherland (43)	140.64	−0.4	123.38	121.19	+0.0	4.65	141.24	123.65	121.19	145.66	130.43	114.29
New Zealand (17)	62.79	−0.1	55.08	58.06	−0.1	7.57	62.84	55.01	58.12	75.36	59.57	67.00
Norway (23)	243.34	−0.2	213.48	213.25	+0.0	1.49	243.72	213.36	213.25	245.90	202.34	160.31
Singapore (25)	207.28	+0.3	181.84	176.42	+0.0	1.86	206.72	180.97	176.47	207.28	179.70	154.88
South Africa (60)	189.86	+0.6	166.58	164.36	+0.0	3.62	188.73	165.22	164.36	251.39	173.80	129.47
Spain (42)	159.58	−0.3	139.99	126.03	−0.1	4.21	160.11	140.17	126.21	165.19	132.84	148.67
Sweden (35)	204.04	+0.0	179.00	183.50	+0.0	2.20	204.04	178.63	183.50	206.95	173.89	158.42
Switzerland (66)	101.13	−0.7	88.72	89.09	+0.0	2.32	101.81	89.13	89.09	102.05	88.75	68.87
United Kingdom (305)	155.82	−0.6	136.70	136.70	−0.4	4.88	156.82	137.29	137.29	164.31	139.87	140.14
USA (537)	145.01	−0.2	127.21	145.01	−0.2	3.34	145.26	127.16	145.26	145.40	130.61	130.14
Europe (984)	145.19	−0.4	127.38	126.48	−0.1	3.57	145.79	127.63	126.84	146.66	135.57	114.00
Nordic (117)	201.46	−0.1	176.74	170.81	+0.0	1.76	201.68	176.47	170.79	201.89	165.01	150.35
Pacific Basin (660)	151.40	−0.1	132.82	144.53	+0.1	0.87	151.54	132.67	144.42	192.75	124.83	175.19
Euro – Pacific (1644)	149.28	−0.2	130.96	137.68	+0.0	1.94	149.60	130.97	137.69	174.10	130.95	150.73
North America (656)	144.33	−0.2	126.61	143.09	−0.2	3.35	144.60	126.59	143.35	145.78	131.02	130.38
Europe Ex. UK (679)	137.00	−0.3	120.19	119.84	+0.1	2.75	137.38	120.27	119.76	139.50	124.81	97.71
Pacific Ex. Japan (206)	129.64	+0.0	113.73	117.29	+0.2	5.16	129.62	113.48	117.09	139.32	122.53	123.02
World Ex. US (1836)	149.42	−0.2	131.08	137.60	+0.0	2.00	149.74	131.09	137.62	173.77	131.30	150.04
World Ex. UK (2068)	145.84	−0.2	127.95	140.31	+0.0	2.21	146.07	127.87	140.34	162.00	130.80	142.12
World Ex. So. Af. (2313)	146.45	−0.2	128.48	139.74	−0.1	2.45	146.75	128.48	139.93	161.84	131.95	142.00
World Ex. Japan (1919)	144.83	−0.3	127.06	136.66	−0.1	3.50	145.20	127.11	136.85	145.52	134.82	124.06
The World Index (2373)	146.72	−0.2	128.71	139.91	−0.1	2.46	147.01	128.70	140.01	162.05	132.25	141.98

Latest prices were unavailable for this edition.
Markets closed May 24: Austria,Belgium,Denmark,France,West Germany,Netherlands,Norway,S.Africa,Sweden and Switzerland.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1990 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99 13/16	97½	Treas 8¼pc 1987–90‡‡	99 13/16xd	.....	8.29	13.90
97⅞	97⅛	Treas. 8pc Cv 1990 ‡‡	97⅛	.....	8.08	14.61
98⅞	96	Treas. 10pc Cv 1990	98⅛	.....	10.19	14.78
96	93⅛	Exch 2½pc 1990	96	–⅛	2.60	10.89
98	97	Treas 11½pc 1991	98	–⅛	11.95	14.64
95	92¼	Funding 5¾pc '87–91‡‡	94	–⅛	6.06	12.32
93	89	Treas. 3pc 1991	93	–⅛	3.22	11.05
96	94	Treas 10pc Cv '91 ‡‡	96	.....	10.39	13.79
97	94	Exch. 11pc 1991	96	.....	11.39	13.84
93	90	Treas. 8pc 1991	92½	+⅛	8.64	13.60
101	97	Treas 12¾pc 1992‡‡	98	.....	12.89	13.53
[illegible]	92	Treas 10pc 1992	94	.....	10.59	13.49
92	89	Treas. 9pc 1992 ‡‡	91	–⅛	9.75	13.31
97	93	Treas 10½pc Cv 1992‡‡	95	+⅛	11.00	13.25
86	82	Treas. 3pc 1992	84	–⅛	3.48	10.64
100	95	Exch. 12¼pc '92	98	.....	12.47	13.24
104	98	Exch 13½pc 1992	100	.....	13.40	13.08
91	86	Treas. 8¼pc 1993	89	.....	9.29	12.89
96	90	Treas 10pc 1993‡‡	93	.....	10.68	12.74
103	96	Treas 12½pc 1993‡‡	99	+⅛	12.57	12.76
85	82	Funding 6pc 1993‡‡	84	–⅛	7.08	11.47
107	99	Treas 13¾pc 1993‡‡	103	.....	13.34	12.63
91	84	Treas. 8½pc 1994	88	.....	9.64	12.68
111	102	Treas 14½pc 1994‡‡	106	–⅛	13.67	12.42
107	99	Exch 13½pc 1994	102	.....	13.19	12.61
96	88	Treas. 10pc Ln. 1994‡‡	92	–⅛	10.78	12.36
104	96	Exch. 12½pc 1994	100	.....	12.50	12.53
92	85	Treas 9pc 1994‡‡	88	.....	10.14	12.37

Five to Fifteen Years

1990 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

1990 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

1990 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS—Contd

Index-Linked

1990 High	Low	Stock (b)	Price £	+ or –	(1)	(2)
115	110¼	Tr. 2pc '92‡‡(97.8)	115	–⅛	4.85	6.36
107	103⅛	Do. 2pc '94 (102.9)	107	+⅛	3.86	4.54
157	150⅛	Do. 2pc '96(67.9)	157	–⅛	3.76	4.20
131	123	Do 2½pc '01(78.3)	128	–⅛	4.15	4.43
128	119	Do. 2½pc '03(76.8)	125	–⅛	4.15	4.40
131	122	Do. 2pc '06(69.5)	127	–⅛	4.14	4.34
123	113	Do. 2½pc '09(78.8)	118	–⅛	4.09	4.28
128	117	Do. 2½pc '11(74.6)	123	–⅛	4.06	4.23
107	97	Do. 2½pc '13(89.2)	102	–⅛	4.00	4.16
115	105	Do. 2½pc '16(81.6)	110	–⅛	3.95	4.10
119	102	Do. 2½pc '20(83.0)	107	–⅛	3.89	4.03
95	86	Do. 2½pc '24‡‡(97.7)	91	–⅛	3.82	3.94

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for September 1989: 116.6 and for April 1990: 125.1.

INT. BANK AND O'SEAS

1990 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100¾	94	African Dv Bk 11¼ Ln 2010	89	–⅛	12.37	12.52
96	80	Asian Dev Bk 10¼pcLn2009	86	–⅛	11.90	12.12
101	85	Euro Inv Bk 11pc Ln 2002	90	–⅛	12.19	12.55
110	94	Int-Am Dev Bk 12½pc 2003	99	–⅛	13.00	13.62
91	76	Do. 9½pcLn 2015	81	–⅛	11.97	12.12
90	79	Mlysia 10¾pcLn 2009	81	–⅛	13.19	13.32
110	109	Nd. Nation States 16¼pc 2008	109	.....	15.24	14.90

CORPORATION LOANS

1990 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100	86	Birmingham 11½pc 2012	91½	–1	12.57	12.65
89	84	GLC 6¾pc 1990–92	89	.....	7.54	12.90
107	95	Leeds 13½pc 2006	103	–1	13.04	12.91
29	20	Liverpool 3½pc Irred	29	.....	12.07	–
98	94	LCC 6¾pc '88–90	98	.....	6.85	16.00
30	24	Do. 3pc '20 Aft	25	.....	12.00	–
94	85	Manchester 11½pc 2007	89	–1	12.85	13.00

COMMONWEALTH & AFRICAN LOANS

1990 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
206	206	S Rhod 2½pc Non-Asstd	206	.....	–	–
84½	84½	Do. 4½pc 87–92 Asstd	84½	.....	5.33	9.33

LOANS

Building Societies

1990 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
109	99½	Brstle Anglia 3½pc Ln 2021	102	.....	4.46	5.11
109	99½	Do. 4.25pcIL '24	102	.....	4.64	4.89

Public Board and Ind.

1990 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
47	41	Met. Wtr. 3pc 'B'	45	.....	6.67	10.99

FOREIGN BONDS & RAILS

1990 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	50	.....	3.50	f7.00
50	50	Do. 6pc 28 Stb. Ass.	50	.....	3	f6.00
50	50	Do 4pc Mixed Ass.	50	.....	2	f4.00
80	80	Hung. '24 Ass.	80	.....	2.75	f3.57
128	108	Hydro Quebec 15pc 2011	114	–⅛	15.00	13.01

AMERICANS

1990 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
43	37	Abbott Laboratories‡	43	+⅛	$1.40	–	1.9
610p	445p	♦Allegheny & W 1c	542p	–14	30c	–	3.2
986p	793p	♦Amdahl 5c	958p	+8	h10c	–	0.6
34	28	Amer. Cyanamid $5	33	–⅛	$1.35	–	2.4
21	15	Amer. Express 60c	17	.....	92c	–	3.2
28	22	American T. & T. $1	25	–⅛	$1.20	–	2.9
42	32	Ameritech $1	37	–⅛	h$2.92	–	4.7
506p	23p	♦Asiamerica Equity‡	28p	.....	–	–	–
18	14	BankAmerica $1 &	17	+⅛	$1.00	–	3.4
26	21	Bankers N.Y. $1	25	–⅛	$2.12	–	5.0
35	25	Bell Atlantic $1	30	–⅛	$4.40	–	8.7
36	30	BellSouth Corp.	32	–⅛	$2.52	–	4.6
13	9	♦Bethlehem Steel $8	10	+⅛	40c	–	2.3
12	906p	♦Bio-Rad Labs. A	12	+⅛	–	–	–
19	13	Bowater Inc	14	+⅛	$1.20	–	5.1
9	7	Brunswick 75c	8	.....	44c	–	3.2
45	35	CPC Intnl. 25c	44	+⅛	$1.80	–	2.5
930p	604p	California Engy	606p	.....	–	–	–
35	27	Campbell Soup 15c	31	+⅛	$1.00	–	1.9

AMERICANS—Contd

1990 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
21	14	Chase Manhattan $12½	16	+⅛	$2.38	–	9.2
19	14	Chem. Banking Corpn.	16	.....	$2.72	–	10.2
12	9	Chrysler $6¼	9	.....	$1.20	–	7.7
18	12	Citicorp $1	13	–⅛	$1.78	–	7.9
39	31	Colgate-Palmolive $1	37	–⅛	$1.48	–	2.4
12	8	Cont'l Bank Corp $4	894p	–7	$1.00	–	6.7
268p	128p	♦Corporate Data Sciences	175p	.....	–	–	–
21	18	Dana Corp. $1	21	+⅛	$1.60	–	4.5
760p	510p	Data General	635p	+25	–	–	–
29	25	Dun & Bradstreet $1	27	.....	$2.00	–	4.3
36	29	Eaton Corpn. 50c	34	–⅛	$2.00	–	3.5
10	7	Echlin Inc.	8	.....	70c	–	5.3
22	18	FPL Group 1c	18	–⅛	$2.28	–	7.4
27	21	Fluor Corp 62½c	27	–⅛	24c	–	0.5
30	25	Ford Motor $1	27	–⅛	$3.00	–	6.6
41	36	Gen. Elect. 63c	40	+⅛	$1.88	–	2.8
441p	304p	♦General Host Corp $1	391p	.....	30c	–	4.6
34	25	Gillette $1	32	–⅛	96c	–	1.8
315p	111p	Gt American Bank W $1	133p	+22	20c	–	9.0
20	16	Greyhound Dial $1½	16	.....	$1.32	–	4.7
12	10	Hasbro Inc 50c	11	–⅛	16c	–	0.8
59	46	Honeywell $1½	59	+⅛	$2.75	–	2.8
18	18	Houston Inds. ‡	19	.....	$2.96	–	9.3
69	57	IBM Corpn $1¼	69	+⅛	$4.84	–	4.2
50p	24p	♦Image Storage/R.Sys. 1c	25p	+1	–	–	–
35	27	Ingersoll-Rand $2	35	–⅛	$1.20	–	2.1
25	19	Lockheed Crpn. $1	20	+⅛	$1.80	–	5.2
11	7	Lone Star Inds $1	7	.....	$1.90	–	15.4
[illegible]	24	Louisiana Land 15c	26	–⅛	$1.00	–	2.3
26	15	Lowe's 50c	26	–⅛	52c	–	1.2
22	16	Manuf. Hanover $1	21	–⅛	$3.28	–	9.3
16	12	Merrill Lynch $1	14	+⅛	$1.00	–	4.1
27	21	Molex Inc	27	+⅛	3.2c	–	0.1
27	20	Morgan (JP) $2½	22	+⅛	$1.82	–	5.0
27	21	Morris (Philip)	25	–⅛	$1.13	–	2.6
56	44	NYNEX $1	50	.....	$4.36	–	5.2
19p	5p	N'wide Legal Serv.‡	7p	.....	–	–	–
21	18	PHH Corp. ‡	20	.....	$1.16	–	3.4
195p	155p	♦Pacific Agr.‡	164p	.....	–	–	–
14	12	Pacificorp $3¼	12	.....	$1.44	–	6.8
31	24	Pacific Telesis 10c	27	–⅛	$1.88	–	4.1
22	18	Pall Corp. 25c	20	+⅛	49c	–	1.4
55	43	Pennzoil 83 1/3c	43	–1⅛	$3.00	–	4.1
35	27	Quaker Oats $5	29	–⅛	$1.40	–	2.9
32	25	Rep NY Corpn $5	28	–⅛	$1.28	–	2.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	17	Waste Management $1	23	–⅛	32c	–	0.8
20	16	Whirlpool $1	17	+⅛	$1.10	–	3.8
41	33	♦Woolworth $3½	38	–⅛	$1.88	–	3.0

CANADIANS

1990 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
200p	150p	♦ABM Gold Corp ‡	150p	–6	–	–	–
25p	19½p	♦Abbot Energy Corp	20p	.....	–	–	–
12½	950p	♦Amer. Barrick Res.	11	.....	–	–	–
25p	10p	♦Armeno	11p	.....	–	–	–
17½	12¼	Bk. Montreal ‡	12¼	.....	$2.12	–	8.8
883p	646p	Bk. Nova Scot.‡	646p	–7	92c	–	7.5
819p	691p	♦BC Gas $1	737p	.....	60c	–	4.3
24½	19½	BCE ‡	19½	–⅛	$2.44	–	6.6
14¾	10¼	♦Brascan‡	10¾	.....	88c	–	4.5
148p	90p	♦Breakwater Res.	97p	–1	10c	–	5.4
17½	12¾	Can.Imp Bank‡	13¼	.....	$1.24	–	5.0
14	10¼	Can. Pacific ‡	10¾	–⅛	92c	–	4.5
37	30	Do. 4pc Deb £100	31	.....	4%	–	12.5
531p	364p	♦Central Cap 'A' ‡	368p	–6	$1.10	–	15.8
428p	224p	♦Cons TVX Min.	240p	.....	–	–	–
579p	382p	♦Corona Corp.	418p	.....	–	–	–
510p	365p	♦Derlan Inds. ‡	388p	–13	11.75c	–	1.6
12¼	694p	♦Echo Bay Mines	780p	+6	$0.07	–	0.5
352p	208p	♦ECO Corp ‡	312p	+6	–	–	–
313p	149p	Gandalf Techs. Inc.	175p	–6	–	–	–
141p	68p	Granges Inc. ‡	85p	+5	–	–	–
866p	723p	♦Gulf Canada‡	779p	–7	52c	–	3.5
14	11¼	♦Hawker Sid Can‡	12	–⅛	$1.08	–	4.7
16¾	13¾	♦Hudson's Bay ‡	14¾	–⅛	60c	–	2.2
34½	29¼	♦Imperial Oil‡	29¼	–⅛	$1.80	–	3.2
17¾	13¾	Inco‡	15¼	–⅛	s$0.80	–	3.2
113p	3½p	♦Muscocho Explo.	3½p	–⅛	–	–	–
64p	33p	♦Nevada Goldfields	35p	+2	–	–	–
462p	351p	Nova Corp of Alberta	414p	–7	42c	–	5.3
12¼	951p	♦Rio Algom	10¼	–⅛	85c	–	4.4
13½	862p	Royal Bk. Can. ‡	10¾	+⅛	h$1.10	–	5.4
782p	512p	♦Sceptre Inc	785p	.....	–	–	–
97½p	30p	♦Sonora Gold Corp‡	38p	–1	–	–	–
35½p	10½p	♦Tan Pure Tech. Corp‡	22½p	.....	–	–	–
11	849p	Toronto-Dom. Bk‡	854p	+5	76c	–	4.7
923p	768p	♦Trans Can Pipe	773p	–1	68c	–	4.6
200p	145p	Varity Corp‡	179p	+2	9–	–	–

Continued on next page

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
303	209	ANZ SA1	218	......	44c	1.4	9.4	7.5
201	172	Abbey National 10p	195	–1	5.7	4.3	3.9	7.9
*274	210	Allied Irish Ord	219	+3	Q40%	♦	4.3	♦
£13½	£11¼	Algemene Fl.10	£11¼	–⅛	Q28%	2.1	7.6	6.2
85	73	Anglo Irish	75	......	tQ18.1%	2.7	5.9	10.2
81	68	Ansbacher (H.) 1p	76	+1	2.5	1.3	4.4	21.9
£71½	£54¼	Bancaire Cie Fr100	£70	+1½	Q12%	–	2.0	–
£22½	£16½	Banco Bilbao Viz	£19	......	Q49.1%	2.7	4.4	12.3
£31	£24¼	Banco de Santander	£27¼	......	Q25%	2.4	4.1	10.1
286	224	Bank Ireland Ir£1	243	+6	Q14.3%	♦	5.7	♦
£19½	£18	Bank Leumi	£19½	......	–	–	–	–
350	320	Bank Leumi (U.K.)	345	......	†13.5	–	5.2	–
125	104	Bank Scotland	115½	+½	4.55	3.3	5.3	7.7
100¼	83¼	Do. 9¼pc Irrd Pf.	92	......	9¼%	–	13.4	–
54	39	Bank of Wales	42	+3	2.8	0.8	8.9	(20.2)
428	352	Barclays £1	384xr	–1	h19.57	3.5	6.8	5.3
22	13	Benchmark 20p	14	+1	1.65	1.0	15.5	8.0
335	310	Brown Shipley £1	323	–1	†10.5	–	4.3	–
495	361	Cater Allen £1	404	......	23.5	–	7.8	–
179	137	Chancery	137	–2	†8.0	2.8	7.8	6.0
£23¼	£19⅝	Commerzbk DM10	£19¼	......	Q18%	–	3.3	–
£13¼	842	Dai Ichi KBk Y50	953	+20	tQ16%	8.8	0.3	36.4
£313	£262¼	Deutsche Bk DM50	£279¼	–1½	Q28%	–	1.8	–
£20⅞	£19	Espirito Santo	£19	–½	Q75c	3.3	2.4	12.9
253	183	First Nat. Fin. 10p	216	–1	13.0	2.4	8.0	6.7
121	96	FNFC 6.3pc Cv. Pf.	111	+1	6.3%	–	7.6	–
262	159	Fuji Bank Y50	194xd	......	Q16%	4.2	0.3	–
325	262	Gerrard & National	304	–8	19.0	♦	8.8	♦
154	136	Guinness Mahon 10p	136xd	......	2.1	–	2.1	–
328	223	Hambros 20p	264	–1	†10.0	–	5.1	–
128	93	Do. 7.5pc Cv Pf	105	......	7½%	–	9.5	–
53½	43	HK & Shang. HK$2.50	43½	–½	hQ38c	–	6.6	–
478	458	Joseph (Leo) £1	458	......	15.85	–	4.6	–
146	126	King & Shaxson 20p	146xd	......	10.25	♦	9.4	♦
422	340	Kleinwort Benson Grp.	385	......	16.0	2.5	5.5	9.8
642	402	Kyowa Bank Y50	516	+8	tQ14%	4.7	0.5	38.6
307½	242	Lloyds £1	264	......	13.3	2.6	6.7	6.2
56	44	Lon. Scot. Bank 10p	49	......	2.4	1.8	6.5	10.3
404	271	Midland £1	278	+4	18.0	2.6	8.6	5.8
£14½	£10⅝	Mitsubishi Bank Y50	£10⅞	......	Q16%	♦	0.3	♦
£12⅞	£6⅞	Mitsubishi Tst & Bk Y50	£8⅞	+⅛	Q17%	♦	0.4	♦
£10⅝	£7⅞	Mitsui Bank Y50	£8⅞	+⅛	tQ16%	6.0	0.4	46.2
904	559	Mitsui Tst & Bk Y50	653	+21	Q17%	♦	0.5	♦
326	279	Nat Aust. Bk. A$1	288	+1	sQ50c	1.6	7.8	7.9
360	299	NatWest £1	329	–2	16.7	3.3	6.8	6.0
£210	£190	Ottoman Bank	£200xd	......	Q110%	2.8	5.5	6.5
55	39	Rea Bros. Group	45	......	0.5	3.4	1.5	21.6
200	155	Rothschild (J) Hldgs.	167	–1	†9.5	3.6	7.6	4.8
227	149	Royal Bk. Scotland	175xd	+1	†7.2	3.8	5.5	6.2
795	424	Saitama Bank Y50	576	+25	tQ13%	4.7	0.4	47.5
£12¼	806	Sanwa Bank Y50	925	+27	tQ16%	8.3	0.3	35.1
902½	712½	Schroders £1	763	......	h12.5	5.9	2.2	10.3
712½	537½	Do. £1 N/V	578	......	h12.5	5.9	2.9	7.8
£25¼	£20⅞	Sec. Pacific $10	£23¼	–⅛	Q$1.96	–	5.1	–
616	454	Standard Chartd. £1	458	–1	35.0	1.4	10.2	(8.6)
£16¼	£8⅞	Sumitomo Bank Y50	£10⅞	+⅛	tQ16%	7.5	0.3	46.6
£11	£6⅞	Sumitomo Tst & Bk Y50	£8⅞	+⅛	Q17%	♦	0.4	♦
147	121	TSB	133	–1	5.8	2.8	5.8	8.6
175	126	TSB Bank Ch'nel Is'l	144	......	Q6.7	3.5	4.7	7.2
£11½	£5⅞	Tokai Bank Y50	£7	+⅛	Q16%	4.1	0.5	53.8
920	605	Toyo Tst & Bk Y50	741	+21	tQ15.2%	6.9	0.4	35.6
611	532	Union Discount £1	578	......	33.0	–	7.6	–
525	398	Warburg (S.G.)	430	......	†12.5	–	3.9	–
180	133	Do 6pc Cnv Prf	142	......	6%	–	5.6	–
279	210	Westpac SA1	220	+1	Q52.5c	1.5	11.2	5.8
420	378	Wintrust 20p	378	......	†7.8	–	2.8	–
969	574	Yasuda Tst & Bk. Y50	763	+2	Q17%	♦	0.4	♦

Hire Purchase, Leasing, etc.

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
395	173	Anglo Grp. 10p	198	......	†5.0	4.1	3.4	7.7
£126½	£74½	Do. 9½pc 1999	£75½	–4	Q9½%	–	12.6	–
175	130	CLF Yeoman 50p	130	–5	Q14%	3.4	8.0	4.1
71	60	Cambridge Grp Ir5p	61xd	......	Q7½%	♦	0.6	♦
95	34	Capital Leasing Ir.10p	38	......	tQ12%	3.5	2.9	8.9
68	50	Cattle's (Hldgs) 10p	55	......	3.58	1.9	8.7	7.9
408	367	Prov. Financial	399	......	20.5	2.0	6.9	9.6
235	210	Reflex Invs. Ir5p	218	......	Q4.6%	6.6	0.8	24.4
225	199	Secure Trust Grp. 1p	212	......	8.5	2.4	5.3	10.5
210	178	Woodchester IR20p	200	......	Q16.7%	5.9	1.8	14.1

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

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MOTORS, AIRCRAFT TRADES — Contd

Components

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
498	420	Abbey Panels	453	—	3.5	10.8	1.0	12.0
225	203	Airflow Streamlines	215	—	6.0	♦	3.8	♦
190	145	Bostrom 5p	165	—	5.75	3.1	4.6	7.5
266	191	Dowty 50p	224	–1	†8.0	2.7	4.8	11.7
239	155	FR Group	155xd	—	6.57	♦	5.5	♦
135	63	Kwik-Fit Hldgs. 10p	86	+5	2.4	1.7	3.7	21.6
694	568	Lucas Inds. £1	645	+10	†25.0	3.0	5.2	7.3
16	8½	♦Splee 5p	9	—	†0.3	0.4	‡	69.0

Garages and Distributors

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
28	19	Alexanders 10p	26	—	1.0	3.0	5.1	7.8
135	110	Appleyard 10p	113	—	7.8	2.4	9.2	5.3
116	75	Bletchley Motor 20p	88xd	+3	7.5	1.9	11.4	6.3
568	505	Caffyns 50p	508	—	11.5	0.4	3.0	—
127	98	Central Motor Auctn.	98	–2	3.25	3.0	4.4	9.9
61	26	Cook (D.C.) Hldgs.	36	—	†1.39	—	‡	—
69	33	Cowie (T.) 5p	48	–1	4.2	2.2	11.7	4.5
95	68	Dagenham Motors 10p	73	—	5.25	2.8	9.6	5.0
98	81	Davenport Vernon 10p	95	—	3.5	3.6	4.9	6.6
29	16	Equity & Gen 5p	20	—	†1.5	1.7	10.0	(7.1)
247	169	Evans Halshaw	179	+4	11.25	2.4	8.4	6.5
113	85	Gates (F.G.)	95	—	2.75	♦	4.0	♦
161	106	Gowrings 10p	106	–4	5.63	1.3	7.1	11.9
167	118	Hartwell	141	—	3.1	2.8	2.9	16.5
81	70	Jacks Wm.	71	—	2.0	1.0	3.8	35.6
118	85	Jessups	89xd	—	7.0	2.5	10.5	5.0

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

WATER

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES—Contd

Miscellaneous

THIRD MARKET

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
39		9Do. Wrrnts	10	—	—	—	—	—
5½	3¼	Wilton Group 1p	3½	—	—	—	—	♦

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ● USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- § Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- § No par value

B.Fr. Belgian Francs. Fr. French Francs ●● Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990-91. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Craig & Rose £1 γ	498	—
Finlay Pkg. 5p γ	55xd	+2
Holt (Jos) 25p γ	1290xd	—
Carrol (P.J.) γ	147	—
Hall (R. & H.)	175	—
Helton Hldgs. γ	74	—
IRG	290	—
United Drug	145	—

IRISH

Stock	Price	+ or –
Cap. 8½% Ln. 1991	£98	—
9pc Cap Ln. 1996	£94¼	—
Fin. 13% 97/02	£112	—
Arnotts	415xd	—

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	39
Amstrad	5½
Astec (BSR)	5¼
BAT	83
BOC Grp.	45
BTR	36
Barclays	49
Blue Circle	19
Boots	23
Bowaters	38
Brit Aerospace	42
British Steel	9
Brit. Telecom	25
Cadburys	27
Charter Cons.	40
Comm Union	48
Courtaulds	24
Eurotunnel	60
FKI	7
FNFC	21
Gen Accident	90
GEC	18
Glaxo	56
Grand Met	45
Guardian	19
GKN	33
Hanson	18
Hawker Sidd	55
ICI	85
Ladbroke	25
Legal & Gen	34
Lex Service	26
Lloyds Bank	22
Lucas Inds	52
Marks & Spencer	17
Midland Bk	27
Nat West Bk	29
P & O Dfd	50
Polly Peck	37
Racal Elect	19
RHM	35
Rank Org Ord	68
Reed Intnl	33
STC	20
Sears	9½
SmKl. Beecham A	46
TI	38
TSB	11
Tesco	17
Thorn EMI	61
Trust Houses	22
T&N	17
Unilever	56
Vickers	18
Wellcome	60

Property

	p
Brit Land	32
Control Secs	5
Land Securities	44
MEPC	44
Mountleigh	14

Oils

	p
Aviva Petlm	5½
Brit Petroleum	28
Burmah Oil	52
Conroy Petlm	12
Gaelic Res	4½
Premier	18
Shell	37
Tuskar Res	18
Ultramar	31

Mines

	p
Lonrho	28
RTZ	45

FINANCIAL TIMES
Weekend May 26/May 27 1990

DTI struggles to put on a brave face

By Charles Leadbeater, Richard Waters and Philip Stephens

IT WAS the loss of a large export order for funeral urns which convinced one civil servant that the Department of Trade and Industry was falling apart.

The product co-ordination unit couldn't find an up-to-date product list. "The best we could do was offer a six-year-old address, which someone just happened to remember. It was a shambles." he said.

And, as staff last night made their way home from their offices which flank Victoria Street near Westminster some were turning their backs on a week they would prefer to forget.

On Wednesday, a Monopolies and Mergers Commission report opposing a proposed takeover of Dixons by Kingfisher went on sale before the DTI had made an official announcement to the City. This coincided with the publication of a Commons trade and industry select committee which criticised the department's companies investigation department for a "not in *my* in-tray" approach to regulation.

And that followed recent criticism of the handling of the Harrods takeover and a damning report on the Barlow Clowes affair by Sir Anthony Barrowclough, the Parliamentary Ombudsman.

The select committee is soon to publish a highly critical report of the handling of the Rover group privatisation.

Unlike other government departments, the DTI does not seem to be putting up a fight for resources. Spending is set to fall from a peak of £1.9bn in 1986–87 to £900m in 1992–93.

One disaffected official said: "You used to be proud to work for the DTI, helping British industry. Now you wonder what the point is."

A recent reorganisation of the department's market divisions has left some people without desks or proper jobs, according to staff. A senior official says the old guard who hanker for the days when the department ran large regional programmes, picked winners in sunrise industries and sponsored large industries like steel, shipbuilding and cars are disillusioned.

But younger officials, some who have only known a Thatcher government, are enthusiasts for plans which mean that more than half the staff will soon be in semi-autonomous agencies. Rumours of the DTI's impending demise have been rife since Mr Nicholas Ridley's arrival after the 1987 election. The department's educational activities are to be transferred to the Department of Employment and many believe that Training and Enterprise Councils will take over the Enterprise Initiative.

Colleagues who worried that Lord Young was turning the department into a marketing agency welcomed Mr Ridley's arrival. One said: "He has a great capacity to soak up flak and he stands by officials even when they make mistakes. That is why officials like him."

Fears of Mr Ridley amputating parts of the department have not been borne out. Only 105 jobs are being lost through the recent reorganisation. A review of export activities turned into fine tuning. Morale in the companies investigations department is said to be improving under Mr David Durie, who is weeding out ineffective officials.

Sir Peter Gregson, the department's permanent secretary, is reported to have told union officials that no important changes are likely before the next election. As one official remarked: "We are all hanging on. It would all change if Labour wins the election."

Lord Young resigns as Tory deputy chairman, Page 4

THE LEX COLUMN

Mr Major relies on sterling

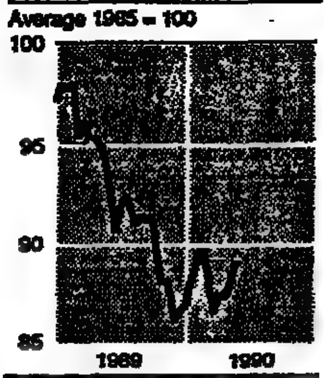
After a hectic account, in which the FT-SE 100 index rose by 6 per cent, and then lost a third of its gains, the market is probably due for a breather. The April trade figures brought ERM euphoria to a timely close and other economic statistics have indicated that the economy is growing more quickly than the Chancellor might like. In the circumstances the recent tightness of sterling, which has gained 4 per cent on a trade-weighted basis since its March low, has been an extremely helpful alternative to an interest rate rise. Indeed, cynics might feel that recent ministerial talk of joining the ERM was merely a device for ramping the pound.

In any case, traders cannot stay excited about ERM entry all summer, especially as the likely entry date is at least six months away. Plenty of factors may induce a more sombre mood. Inflation could yet pass 10 per cent and the trade deficit faces the stiff challenge of falling to under £1bn a month if the Chancellor's forecast is to be met. And then there are the twin external threats of a post monetary union rise in German interest rates and a downturn on Wall Street, which currently looks rather toppy.

However, the speed of Footsie's spurt through 2,300 may have put a floor under the London market. Fear of being left behind in any future rallies means that there will be few willing institutional sellers. And on fundamental terms – p/e ratio, dividend yield and yield ratio – the market does not look particularly overvalued.

FT Index fell 5.2 to [illegible]

Sterling Index
Average 1985 = 100



Lowndes

Even though yesterday's figures from Lowndes Queensway were as forecast, they were a useful reminder of just how badly the company has been battered. On a like-for-like volume basis, its furniture sales were down 21.7 per cent year-on-year and carpet sales were down 16.7 per cent. Coupled with the ferociously gloomy trading statement, it is tempting to wonder why the banks do not just pull the plug.

But with two refinancing packages already under their belt, the banks probably feel they might as well soldier on. No doubt they are constantly gazing over the management's shoulders and can see that the company is sufficiently solvent to continue trading. In any case, judging by the mere £1.6m the group raised when it sold the leases on 53 sites, a liquidation would serve no purpose. The furniture cycle must pick up at some stage; it is worth waiting a year or so to find out what happens to Lowndes when it does.

Euro Disney

Look out Mickey Mouse, the lions are coming. Yesterday's sharp drop in the Euro Disneyland share price was almost certainly overdone; but the news that its US parent is planning to issue liquid yield option notes – Lyons for short – which are convertible into a cash equivalent of Euro Disney shares is a potential threat to the share price. Unlike Eurotunnel, shareholders do not need to worry that the Euro Disney project is running out of cash.

But in so far as the issue diverts US retail investor interest away from Euro Disney shares, then it is a potential depressant. More worryingly, it indicates that Walt Disney is anxious to cash in on the runaway stock market success of its European offspring. Whether this is the sort of instrument that should be aimed at US retail investors is equally debatable.

Globe

The battle for control of the Globe Investment Trust is degenerating into a farce. Yesterday Globe issued its report and accounts which looked more like an inflight magazine than a serious defence document; and the Takeover Panel took the unusual step of publicly censuring Globe's merchant bank, Barings, for snitching to the press about its secret discussions. Tut, tut.

The amount of hot air which is being generated by this takeover battle is out of all proportion to its importance. Indeed businessmen in the heartland of Britain can be forgiven for wondering why the City never seems to get anywhere near as worked up about real takeover bids where thousands of jobs are at stake. Barring the intervention of the Office of Fair Trading, which would be a mistake, the Globe bid is about nothing more than price, and here the sums seem just as fuzzy as before. But small shareholders can rely on the big institutional shareholders, who hold the key, to make sure that Globe is not sold on the cheap.

The revaluation of Globe's unquoted portfolio can be debated ad nauseam. But for simplicity's sake it is probably right to take Globe's word that its net asset value at May 11th was 210p. Add on the 4p dividend, plus another 4p, say, for the value of the fund management business, and the 12 per cent discount being offered by the British Coal pension funds is too cheap. Their last victim, Trig, was taken out at a discount of around 8 per cent, and given the heat of the current battle, a discount of perhaps 5 per cent – equivalent to 205p – would seem sufficient to win the day.

Commodity trading

The agreement between Chicago's Board of Trade and Mercantile Exchange to adopt Reuters' screen-based trading system, for use after hours, could spell the beginning of the end for pit-based trading. The Chicago exchanges have been losing market share and there has been a recent shift in volume figures towards institutional business and away from the locals. The latter, who have been one of the primary reasons for Chicago's success, have always been opposed to screen trading but have now been forced to adapt.

There is no reason why Chicago should lose its place as a major financial derivatives centre, although further declines in market share may be inevitable as other countries catch up with the US in terms of financial instrument sophistication. The locals may find no difficulty in trading on screen from home and once the early glitches have been ironed out of the system, new participants may be brought into the market. Screen trading also makes fraud easier to prevent. With the major part of the world's futures markets now committed to the system, full time electronic trading may be only a few years away.

Arafat urges UN to take action

By William Dullforce in Geneva

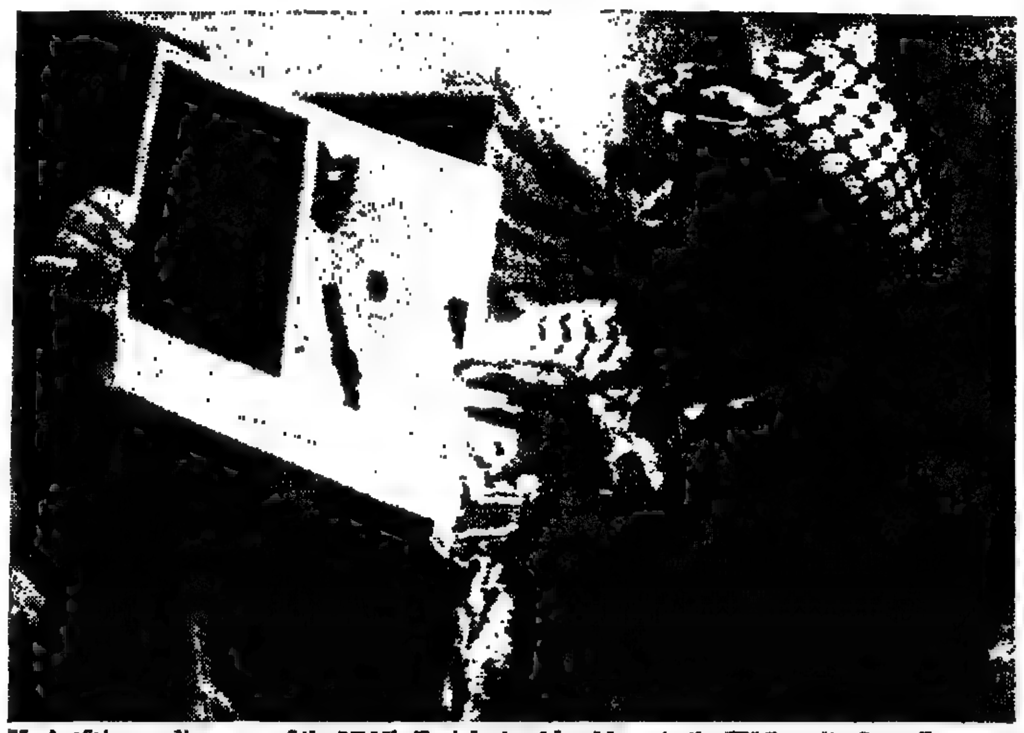
MR YASSIR ARAFAT, leader of the Palestine Liberation Organisation, yesterday urged the United Nations Security Council to send an international emergency force into the occupied West Bank and Gaza Strip and to prepare sanctions against Israel.

He was speaking at a session of the council called at the request of the Arab states after an Israeli civilian murdered seven Palestinians last Sunday, triggering a resurgence of rioting in the Israeli-occupied territories.

The Council had moved to Geneva to hear Mr Arafat, who has previously had difficulties in obtaining a US visa to visit New York.

The Palestinian leader went much further in his demands for UN action than US and other Western officials had hoped he would do.

Mr Arafat also called for an immediate meeting of the five permanent members of the Council – Britain, China, France, the Soviet Union and the US – to prepare for the international conference on Middle East peace that they have so far failed to convene.



Mr Arafat consults a map of the Middle East during his address to the UN Security Council

Mr Arafat also asked for the appointment of a UN envoy to work full-time on the peace process and for Security Council action to stop further Israeli settlement in the occupied territories, where the PLO claims Israel is settling hundreds of recently arrived Soviet Jews.

Initial reaction among officials was that Mr Arafat had no chance of having his demands met by the Council and that his speech was aimed primarily at reinforcing his standing before next week's Arab summit in Baghdad.

Mr James Baker, US Secretary of State, said on Wednesday that the US would be prepared to discuss sending a UN observer team to the occupied territories, but US officials indicated that Washington was not prepared to back any stronger form of UN action in the territories.

Mr Arafat asked for the deployment in the territories of the UN observer force now stationed in Jerusalem, but he coupled it with a request for protection of the Palestinian people under the UN flag "by means of international emergency forces."

He said that sanctions against Israel were justified by its breach of the Geneva convention on the treatment of civilians in time of war and by its "deliberate defiance" of international resolutions.

Even before the Palestinian leader had spoken, Mr Benjamin Netanyahu, deputy Israeli Foreign Minister, told reporters that Israel would not consent to the placing of UN observers in the West Bank and Gaza Strip. The proposal was a crude attempt to encroach on Israel's sovereign right to ensure the safety of its population, he said.

A curfew remained in force for a sixth day in the Gaza Strip yesterday. An Israeli settler was stabbed and seriously hurt, apparently by four Arabs, near his home in the occupied West Bank, and a Palestinian youth died of a heart attack escaping from security forces.

Britain, the first of the permanent members to speak at the Geneva meeting, did not respond immediately to Mr Arafat's demands, but said that last Sunday's killings were yet more conclusive evidence that Israeli policy of hoping the problem would go away was bankrupt.

The Security Council will resume its debate on the situation in the occupied territories in New York next week.

The war that nobody wants, Page 8

Queensway crashes to £80m loss

By John Thornhill

LOWNDES QUEENSWAY, the troubled furniture and carpet retailer which has survived with the help of two refinancing packages, unveiled its annual figures yesterday showing an attributable loss of £80m.

Mr Norman Ireland, the chairman, reported that trading in the opening months of 1990 had remained very difficult, with potential customers being affected by rises in mortgage rates and the introduction of the poll tax.

The company also warned that market conditions were unlikely to improve until 1991.

Asked if Lowndes would make it through the year, until the predicted upturn, Mr Michael Fallen, finance director, replied: "Every director of every company has an obligation to ask himself this question. All that we can say is that at this time we are reasonably confident."

Lowndes said the results for the year were in line with the forecasts made in January when the company announced a £70m refinancing package and the departure of Mr James Gulliver as chairman.

Trading losses in the year to January 28 amounted to £22.2m. Interest charges came to £24.8m and exceptional costs resulting from closures and restructuring were £34.6m.

Losses per share were 28.84p compared with earnings of 2.37p the year before.

Lowndes shares closed down ¼p at 3¼p yesterday giving the company a market value of £33.1m. In August 1988, a consortium headed by Mr Gulliver bought the Harris Queensway businesses for £450m.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)				**PARIS (FFrs)**			
Rises				**Rises**			
Holzmann (P.)	1485	+	65	Bongrain	3450	+	20
Rheinmetall	449.5	+	19.5	Ciments	1785	+	44
Falls				La Henin	660	+	42
Brown Boveri	700	–	18	Redoute	3330	+	50
Degussa	468	–	7	**Falls**			
Linde	1000	–	10	Immobanque	795	–	19
Siemens	719.3	–	6.1	OFP	1920	–	20
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Dennison Manf.	26⅝	+	7⅛	Fuso Inds Work	2400	+	200
Digital Equip.	93⅛	+	1	Maruishi Cycle	1340	+	160
Falls				Nihon Kagaku	1590	+	140
Adobe Systems	35	–	16½	Sankyo Seiko	1750	+	160
Avery Intl.	25½	–	3	Teikoku Sen-i	1950	+	160
Compaq Computer	119⅝	–	2⅞	**Falls**			
PNC Financial	35¾	–	1½	D'Urban	1240	–	100
New York prices as at 12.30pm.							
LONDON (Pence).							
Rises				Amec	395	–	13
Capital Radio	169	+	7	Brit.Telecom	278	–	6
Central TV	674	+	9	Cable & Wire	519	–	12
Lucas Inds.	640	+	10	Euro Disney	1069	–	56
McKechnie	259	+	7	Grand Met	592	–	13
STC	269	+	13	Ladbroke	299	–	6
Ultramar	344	+	5	Nthmb'n Water	165	–	5
Western Cap.	120	+	27	P & O Dfd.	605	–	7
Wolv. & Dud.	370	+	10	THORN EMI	721	–	12
Falls				Water Pkg.	1499	–	30

WORLDWIDE WEATHER

UK today: Dry and sunny for most of the country. Winds in SE England will lower temperatures. Outlook: Dry and sunny, with light showers in the far north.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	21	70	Dallas †	F	24	75	Madeira	F	22	72	Prague	F	18	65
Algiers	S	28	82	Dublin	S	15	59	Madrid	F	23	73	Reykjavik	S	8	46
Amsterdam	F	13	55	Dubrovnik	F	25	77	Majorca	S	26	79	Rhodes	S	29	84
Athens	S	28	82	Edinburgh	S	13	55	Malaga	S	22	72	Rio de Janeiro		–	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

C-Cloudy. Dr-Drizzle. F-Fair. Fg-Fog. H-Hail. R-Rain. S-Sunny. Sl-Sleet. Sn-Snow. T-Thunder. † Noon GMT temperatures

Japan favours US technology for mobile phone system

By Robert Thomson in Tokyo

JAPAN IS on the verge of selecting equipment made by Motorola, the US company, as the sole standard for the country's digital mobile phone system.

The choice of US rather than Japanese technology would be a breakthrough for foreign suppliers in a key industry in Japan, which has often blocked outsiders with awkward specifications.

However, it would disappoint Japanese manufacturers trying to break into the international industry.

The Japanese Research and Development Centre for Radio Systems, under the Posts and Telecommunications Ministry, said yesterday that it was "almost 100 per cent" certain to recommend the Motorola equipment after testing technology from eight manufacturers, including six Japanese companies.

A senior official at the centre said testing was almost complete and the Motorola system was "ahead of the others." He said a formal announcement of the findings was likely early next month.

If Motorola equipment is not chosen, the issue could cause further trade friction with the US Government. Telecommunications have been a sensitive bilateral trade issue, and ironically Motorola was at the centre of a dispute with the Posts and Telecommunications Ministry last year. The ministry argued then that the company's equipment could not be used in Tokyo's present mobile phone system because of a radio frequency shortage in the capital.

Yesterday, however, the research centre official said that Motorola equipment would be chosen for "technological not political reasons" after testing of the clarity of the equipment. He said 60 ordinary Japanese had been chosen to test the equipment by listening to 80 short sentences, such as "the weather's good today," read over the system.

"We have almost finished a total system test," the official said.

A commercial digital mobile phone system is expected to be introduced in Japan from 1992, gradually replacing the present non-digital system.

Motorola said it would not comment on the tests until a formal decision was announced by the Japanese ministry. The seven other companies involved in the performance tests are Toshiba, NEC, Nippon Telegraph and Telephone, Fujitsu, Matsushita Communication Industrial and Mitsubishi Electric, all of Japan, and Ericsson of Sweden.

Japan's mobile phone market almost doubled last year, with 490,000 units in use at the end of December, and the number could rise to 18m by the end of the decade, according to semi-official estimates.

Link to supergun

Continued from Page 1

The length and elevation of the gun would mean that the tip of the gun barrel would be 118m from ground level, making it some 20 meters higher than the clock tower of Big Ben. This breathtaking scale was one reason why the British Government found it difficult to grasp that it was a genuine project.

El Pais, the Spanish daily newspaper this week named Trebelan, an engineering consultancy based in Vitoria, capital of the Basque region, as one company mentioned in British circles.

Trebelan yesterday said it had nothing to do with the supergun. Mr Ignacio Apifianiz, financial director, said the company was only involved in non-military contracts with Iraq.

Discovery of the cradles will leave one large missing piece of the jig-saw – the location of the projectiles. Shaped like a dart to withstand the high speeds of flight through the upper atmosphere, they are almost certainly being made somewhere in Europe. Iraq's own engineering capability is thought to be too limited.

A rough inventory of the parts recovered so far in seven separate seizures of goods across Europe has led to the belief among Western officials that they have thwarted President Saddam Hussein's ambitions to threaten any city within range with devastation by chemical weapons.

Western officials have confirmed that the gun procurement was arranged separately from the wider network established by the government-owned Al-Arabi Trading company of Bagdhad to procure parts and equipment for Iraq's nuclear and biological weapons and missiles programmes.

Sheffield Forgemasters, the UK company, whose shipment of pipes was seized in Middlesbrough by British customs and excise officers on April 11, said that it had exported 44 sections of 1m diameter pipe to Iraq.

Since each of the larger guns has 26 sections it has been assumed that Iraq may have sufficient for a full barrel but the seizure of breachblocks in Italy two weeks ago and the impounding of recoil mechanisms three days later at Frankfurt airport and in Switzerland suggests they do not have enough parts to complete the gun.

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Weekend FT

SECTION II

Weekend May 26/May 27 1990

SECOND AMONG EQUALS

It is now 20 years since the Equal Pay Act was passed and, if anything, women are worse off. Why? asks ***Fay Weldon***

TWENTY YEARS have passed since the Equal Pay Act, when Britain woke up to the fact that the female wage was 74 per cent of the male wage, and was shocked. At least Barbara Castle, then a member of the UK Labour Party's Shadow Cabinet, told everyone that they were shocked. Twenty years later and what have we got? Twenty years older and deeper in debt. The female wage is 72 per cent of the male wage and falling, and nobody is shocked.

Let me put that more formally. Full-time female manual workers earn 72 per cent of the average hourly pay of male manual workers. The figure for their non-manual counterparts is 61 per cent. Women, in case you did not know, form just under half of the UK labour force. They are not an idle bunch. They have children too. Part-time female workers (more than half of all married women, and two thirds of all women with children) earn 64 per cent of the basic male hourly pay in non-manual work, which is 49 per cent of their male full-time equivalents. In other words, if you are woman, working part-time, you will, like as not, get paid half of what you are worth.

That leaves out women, many from ethnic minorities, who do piece-work at home or in Dickensian sweat shops, un-unionised, often illiterate, all but invisible even to the the Equal Opportunities Commission (EOC), set up in 1975 to police the working of the Equal Pay and Sex Discrimination Acts. I know of a woman who sits at home and stitches shoes together – a complicated procedure – for a major shoe manufacturer and gets only 1p per shoe.

Then let me give you a picture of a divorce rate creeping up from 20 per cent in 1975 to an expected 50 per cent in 1995, leaving more and more women with children struggling to get by on this monstrously low part-time wage, the Minimum Wage legislation now abandoned, as are the Shop Acts, those do-gooding Victorian rules which said women shop assistants must have a chair on which they were entitled to sit for five minutes every four hours. Gone, all gone. Women, as a result, are caught in the benefits trap, which means they cannot earn without losing money. Left to join our swelling underclass, those who can't cope, or won't cope, with our increasingly sophisticated society: the depressed, the frustrated, the confused, the old, the mentally and physically ill, the insulted and injured, the have-nots whom we, the haves, create.

The rationalist will reply, then don't have children, since children seem to be the cause of poverty. In our crecheless society, the working mother can just about manage one child; two brings practical and financial problems, three may mean divorce and poverty: and four, for some peculiar reason, statistically, means an unemployed husband, though which comes first, children or unemployment, who is to say?

And who wants to put a child in a creche anyway? As the "good" stay-at-home mother (lucky old her) smugly murmurs: "Why have children if you don't want to look after them?" Why indeed? The higher the educational qualification, the greater the contribution to society, but the rarer the child. All over sophisticated Europe the birthrate is falling. At the same time those children you all should not have had need a mattress to sleep on, a rag for their backs, a McDonald's to munch on and a roof over their heads; and the taxpayer pays because employers will not. That is, 64 per cent of the hourly male rate. It's disgraceful.

The Equal Opportunities Commission has its enemies. On the face of it, the commission does not seem to have done all that much to help. Its own pamphlet, *Women and Men in Britain* (1989), suggests that the position of female workers is deteriorating rather than improving. With the forcefulness that now (thanks to whom?) marks the statements of so many women in public life, Teresa Gorman, Conservative MP, is vociferous. "The EOC is a waste of time," said Gorman last year. "If I had my way I'd abolish it."

She complains, with truth, that the commission has mustered only 10 formal investigations in the 14 years of its existence, and half of those were thrown out by the courts; that between 1976 and 1988 only 11 per cent of all sex discrimination and equal pay claims before tribunals were successful; *that half of those were for* less than £300 and 40 per cent of all known pay increases ordered were for £8 a week or less; that half the claimants had problems getting employers to actually pay the compensation awarded, and a number said that after winning they were so harassed and victimised that they left their jobs.

Joanna Foster, the commission's lively chair, retorts: "We are more vigorous than ever. I think we're in terrific shape," and suggests that if the Act has not succeeded in equalising women's pay, it is because the present Government wants to downgrade it.

The Government, she complains, has increased women's guilt about working by telling them it is their job to stay at home. Chance would be a fine thing, say I – not so many women go out to work in a café or laundry because they *want* to – they ****** have to. An average male wage these days doesn't keep a family in comfort and dignity, let alone in poll tax.

But the commission has excuse enough for its failures, if excuse is needed, if failures they be. It was startling enough back in 1970 that women, those over-emotional, decorative, feeble creatures, so greatly in need of male protection, should be considered able to make an equal contribution to society – the Equal Pay Act now seems positively timorous, its definition of "discrimination" inadequate. Tougher and more specific European legislation has, alas, become the salvation of our equal opportunity litigants.

The commission's worst problem is that it has to operate on an annual budget of £3m, a pathetic figure in comparison with the global statistic that women do two thirds of the world's work but own only a tenth of the world's wealth.

"Equal pay for equal work" is a fine slogan but employers, now as at the beginning of the century, are adept at wriggling out of a definition of what exactly constitutes "work of equal value." Is the canteen cook entitled to the same basic rate of pay as a male thermal insulation engineer in the same company? The Law Lords ruled in 1988 that she was: on the other hand, a nursery nurse in Wales lost a claim for "equal work for equal value" when compared to a clerk.

Her council employer successfully argued that the nursery nurse worked shorter hours and was entitled to longer holidays than the male clerk, so was advantaged anyway. Resistance comes from unions as well as employers, who are not in their male hearts sold on the notion of equality of opportunity, let alone its accomplishment.

In 1919, W.A. Appleton, Secretary General of the Federation of Trade Unions, said of the demand for equal pay for work of equal value: "The imposition of equality by Act of Parliament is inconceivable. It is impossible to escape the conclusion that while men and women may and should be equal in the sight of God and the law, they are not generally equal in intellectuality, in personal activity or physique or in that indefinable 'knack' that enables some to accomplish so much more than others."

Equal work is fine, in other words, but men's work is more equal than women's: and as for housework and childcare, that is not work at all, that is simply what women *do*.

The Equal Opportunities Commission may have had its failures but, personally, I see it as trying to keep back an overwhelming tide of injustice, not managing but at least trying. Ineffective it may be – how can it be anything else, but by God we need it, if only as a symbol to remind us of our hypocrisy. Hypocrisy is better than nothing: lip service is better than total non-comprehension of the real world where men and women struggle to pay mortgages and raise the bus fare to work, and the struggle of women is (at least) 26 per cent worse than that of men.

Anecdotal evidence gives a more encouraging picture of, at least, changes in gender attitudes (again a phrase unheard of 20 years ago) over the last 20 years. Go to any supermarket and see men shopping, parenting children: go to any meeting (in the voluntary sector, of course, not where it *really* counts) and find a female chairperson: we have a woman Prime Minister in Britain, although the Norwegians, who recently had an almost all-women cabinet, sadly remark that it is only as a profession loses status that women are allowed in.

I was in Moscow a couple of years back; part of a delegation of writers engaged in a cultural exchange. No need for "feminism" in the Soviet Union, it was repeatedly alleged. The idea that *all* citizens must work was enshrined in the 1917 revolution.

"Equal" work is another matter. Women, automatically, do the menial jobs, but that's another, terrifying story. Our delegation fielded a clutch of women novelists: they scraped up a couple of women poets – out of courtesy to us. To be a poet is an OK female activity anywhere in the world. Whenever one of their women spoke our Moscow hosts talked among themselves, or read newspapers. As soon as she stopped, the normal business of the meeting continued. How rude, I thought. How rude. Then I remembered how the same thing used to happen here. It does not now. Women in political and cultural life are assumed to speak as much sense as men: they have stopped squeaking. They thunder, like Gorman.

In West Germany, working women have excellent maternity leave – their jobs are kept open for *seven years*. The result? An effective removal of women of child-bearing age from the labour market. For on terms like that, who is going to employ them?

But more good news. Today's middle-class young women deny being feminists. This can only mean they find their situation in society tolerable. Indeed, there can be no greater pleasure than to be young, attractive, educated and in short supply on the work and marriage market. Later in life, as they become mothers, as the divorce rate impinges, as part-time work looms, I suspect they will be less firm in their denial; by the year 2020, if present trends continue, they will, I predict, change their tune.

There is, of course, a path ahead towards a rosier future. Whether anyone will see it for the tangled undergrowth of gender bias is another matter. At a practical level, the EOC needs a three-fold increase in funding, and quickly – £6m spent today could save £12m in benefits tomorrow. The equivalent US body has an £18m budget, and as a result women in the workforce have a more prosperous and dignified profile – companies strive to *achieve* equal opportunities, rather than duck and weave to avoid the obligation.

On a personal level, if men could see their role in parenting as equal to that of women and if children as a result abounded in the work place, there would not only be less automatic cause and reason for discrimination against women but "work" would assume a more human face. (Unless – as some suspect – "work" is where men go to get away from the children.)

On a domestic level, let us examine our own behaviour and attitudes. Do you have a cleaner? How much do you pay her? How many does she support? Multiply that hourly wage by 35 or 40, if you think that's what a working week should be. Could *you* live on that? What do you deserve that she does not? Decent pay for part-time female labour begins in our own homes.

The Long View

The tax that Lawson left behind

QUITE A few private client stockbrokers would like to settle a score with Nigel Lawson, the former Conservative Chancellor. For all the taxes that Lawson abolished or reduced there was an important one which he actually raised: in 1988 the maximum rate chargeable on capital gains went up to 40 per cent. As a result it has become noticeably more difficult to persuade stock market investors to turn over their investments, which is how stockbrokers earn a living.

Now the Labour Party's policy review raises the possibility that much worse might be in store under a new Government. Logically the top rate would go up to 50 per cent, in line with income tax; presumably capital gains would not be liable to a 9 per cent national insurance surcharge as well, but you never know.

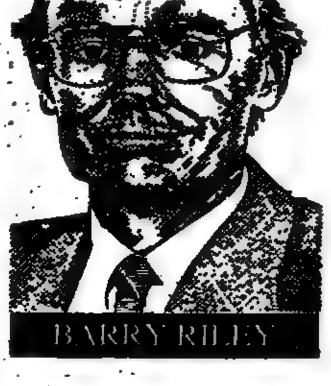
The Lawson move had two foundations. First, there was the elegant Treasury symmetry in the view that income and capital gains should be taxed at the same rate. Secondly, in a Budget which was extremely generous to the wealthy, it seemed politically appropriate to take something back. But in doing so Lawson destroyed a political consensus going back some 20 years in which both sides accepted that 30 per cent was an appropriate long-term rate at which to tax capital gains.

At the same time, he further disadvantaged the lone investor, and thus increased the incentive for people to channel their money into the various institutional vehicles which offer shelter against CGT: personal pension plans, PEPs and (to some extent) unit trusts and investment trusts. House purchases have been boosted yet again: we are all further encouraged to over-accommodate ourselves in CGT-exempt main residences.

It is true that liability to income and capital gains taxes has not been completely equalised: the personal allowance against income tax is £3,005 while the annual exemption for CGT is £5,000. However, the Labour policymakers are threatening to address this anomaly.

Simple administrative expediency has led to the high CGT threshhold in the past. It is a complex and expensive tax both for the Inland Revenue to collect and the public to provide (or avoid). In 1986-87, the last year for which detailed figures are available, 111,000 people paid £1.5bn in capital gains tax. However, 80,000 of those paid only small amounts averaging £1,600, while a top handful paid many millions.

Meanwhile hundreds of thousands of other people are encouraged to shuffle their assets around the family and execute bed-and-breakfast deals in order to take advantage of the annual exemptions. In the current takeover bid for Globe Investment Trust, for example, an entirely otiose loan stock and a substitute trust are being created simply to reduce the CGT problem for



BARRY RILEY

Private investors have never found it easy to adjust to capital gains tax at 40 per cent, and worse could conceivably be in store

private shareholders.

Yet the cost of CGT on its own is beside the point. If it were not in place, all manner of devices would be created to convert taxable income into tax-free capital appreciation. Emergency action had to be taken by the Revenue a few years ago to prevent money flooding into offshore roll-up funds where interest income taxable annually at 60 per cent was converted into capital growth taxable only at 30 per cent (and then only on eventual realisation, and after inflation adjustment). Imagine the leaks that would spring up all over the place if capital gains were entirely untaxed.

The trouble is, old attitudes die hard. It has become ingrained in our financial culture that income is more appropriately taxable than capital growth. The fancy ideas of tax theorists go down very badly in this respect. Accordingly there is a danger that a 40 per cent tax on capital gains will prevent people from investing, in a way that a 40 per cent tax on income will not prevent them from seeking employment.

When it comes to investments, most of us have grown used to the idea that income is best avoided. This folk memory has developed over extended periods when taxes on investment income have ranged anywhere up to 98 per cent. It is perceived to be entirely natural that capital taxes should be much lower, so people become upset and confused when these basic assumptions are invalidated.

Indeed, there is a strain of political thinking which argues that the tax structure should be used to create a deliberate bias towards capital growth. For instance, Labour's corporate tax structure in the 1960s was designed to discriminate against the payment of dividends. The argument is that income is spent, often on imports, and is bad. Capital appreciation, especially if it reflects retained profits, corresponds to an investment in economic growth, and is good. So we should seek to emulate CGT-free Japan where companies pay out only minuscule dividends, which they scarcely ever increase, and where the pursuit of capital gains has sent the stock market ever higher (apart from the odd recent hiccup) and given Japanese industry access to the cheapest capital in the world.

But I am always deeply suspicious of arguments that if the UK were to adopt the Japanese tax system or, say, the German banking structure the British economy would be transformed. National attitudes are much more deep-rooted than that. I hate to think how many overpriced Van Goghs would decorate British boardrooms if capital were as cheap in London as it has been in Tokyo: better to put pressure on companies to pay dividends so that money can be recycled to finance new opportunities elsewhere.

It should not be necessary for investors to fret over whether they are receiving income or capital gains: it is the total return that matters. In an ideal world we would only need to consider income and spending, which would surely be quite enough.

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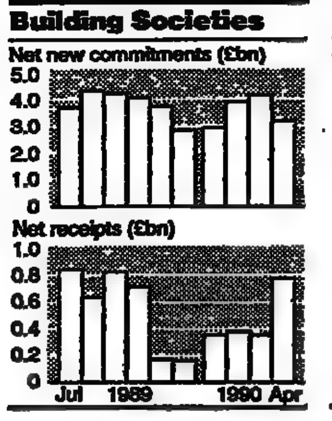
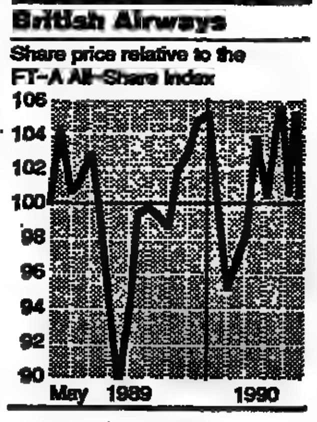
Building Societies



British Airways



Level of home loans falls sharply in April

Mortgage loans supplied by building societies dropped sharply in April, according to figures issued this week by the Building Societies Association. The number of loans completed during the month fell to £2.08bn, compared with £2.32 bn in March, and the volume of new mortgage commitments (loans agreed but not yet advanced) slumped to £3.23 bn against £4.16bn in the previous month.

In contrast, however, the flow of funds into building societies rose strongly in April, reaching the highest level since September. Receipts from savers were £783m compared with £363m in March. The increase is attributed to higher interest rates and the Budget proposal to abolish composite rate tax in April 1991, which has enabled societies to offer one-year savings accounts paying gross interest to non-taxpayers. *John Edwards*

BA shares still grounded

Full-year figures from British Airways this week left the market and most analysts unmoved. The company's shares continued to languish at levels first reached nearly a year-and-a-half ago. Most analysts said that the company's earnings would be flat for the current year. BA itself pointed out several of the constraints it faces. They include higher staff costs and leasing charges, and increasing competition.

On the longer term view the picture brightens a little, with analysts saying that BA should be able to get to grips with its costs by 1992. Only BZW stands out with an unequivocal recommendation on the stock. The broker says the company is "unnecessarily cautious" in assessing its own performance. "The underlying business performance is good and prospects remain above average," says BZW — but this is a minority view. *Daniel Green*

Trade union credit card launch

The TUC launched a credit card for trade union members this week as part of its expansion in the personal financial services area. The Unity First card, which carries the Mastercard name, charges an APR (Annual Percentage Rate) of 27.8 per cent and does not charge an annual membership fee. It pays interest of 5 per cent on credit balances up to £500 and 6.5 per cent thereafter. The card was developed by Unity Financial Services, which is part of the trade union bank, Unity Trust. *Sara Webb*

CU funds look to Europe

Commercial Union, the big insurance company, this week launched its first pan-European product, a UCITS umbrella fund based in Luxembourg called the Privilege Portfolio. It offers investors the choice of 18 sub-funds, with a further 18 in the wings, covering the usual equity, bond, cash and currency funds. Eleven free switches are allowed each year. Charges are 5 per cent front-end and 1.25 per cent annual for the equity funds and nil front-end and 0.5 per cent annual for cash funds. The charges are negotiable for large investments and/or where the intermediary operates on a fee basis. *Eric Short*

Paper group to be spun off

BAT Industries' paper and pulp group, Wiggins Teape Appleton, is going to be spun off separately and listed on the Stock Exchange on June 1. Shareholders in BAT will receive one Wiggins Teape Appleton share for every three shares they hold in BAT. UBS Phillips & Drew, stockbrokers, will offer a commission-free dealing service for small shareholders who want to dispose of or increase their shareholdings in the first four weeks after listing. BAT shareholders should receive details next week when their share certificates are sent out. *S W*

LONDON

All the news that's not fit to be printed

PERHAPS THE Government should make a habit of unexpectedly releasing price-sensitive reports and statistics a day or two early. It would be a simple case for an ambitious free-marketeer to argue, using this week's blunder over the Monopolies and Mergers Commission report into the Kingfisher/Dixons bid as the rallying point for a national campaign under the flag of shareholder democracy.

According to Wednesday's report by the Trade and Industry Select Committee, insider dealing and fraud are on the increase. But once again the small shareholder is being left out.

So why not level the playing field by occasionally putting the most delicate financial information on sale early through Her Majesty's Stationery Office, as happened with the MMC document? Not only would that give the amateur investor an edge over the professional, it would take the illicit fun out of big financial fraud. Cheaper than the Channel Tunnel, simpler than poll tax, more effective than the Serious Fraud Office.

Releasing this week's awful trade figures a couple of days early would have also saved a great deal of futile bullishness in a thin market on Monday and Tuesday, when the FT-SE 100 Index was chased up to 2,311.3.

The trade deficit did fall in April — but from £2.09bn to £1.78bn — and although exports rose and imports fell slightly, the underlying trade performance deteriorated.

Only when confronted by that sort of resistance did gilt and equity investors realise that reinforcements were not going to arrive to back up their charge this week. Footsie finished the two-week trading account last night in retreat, 3.5 points down on the week at 2,265.6.

The economy is proving a veritable Rasputin in its ability to survive the Government's attempts to slow it down: shot, poisoned, stabbed and pushed under the ice by various deflationary measures, it keeps bobbing up to the surface, grinning. This week, the Bank of England said sterling lending had fallen — ostensibly good news — but that led economists to ask how companies were managing to pay off their debts if profits were squeezed. On top of the trade figures, money supply statistics indicated persistent consumer demand, and on Thursday there was further evidence of inflationary pressure with an unexpected rise in UK manufacturing output during March.

In the short term, of course, corporate and economic resilience should be good news for equities. The next trading account could also see speculative gains for holders of bid stocks on the back of new disclosure rules, which come into force from Thursday and oblige investors to declare their stakes at 3 per cent, rather than the current 5 per cent.

But in the long run the economy's buoyancy lessens the chances of any decrease in interest rates, especially while the Treasury is happy to allow the inexorable rise in the sterling/D-Mark exchange rate to act as an unofficial brake on the economy, a strategy which could eventually hit companies with earnings overseas.

The hope of eventual British entry into the exchange rate mechanism of the European monetary system could prove the market's only solace in the new account. It is not a terribly secure foundation, but it may be enough to keep equity investors interested.

The market's second-guessing of company prospects has produced some strange share movements this week, reminding shareholders not to trust the headline profit figure alone.

On Monday, Carlton Communications, the television production, equipment and services company, was powerless to avert a 25p drop in its share price when it announced interim pre-tax profits of £64.9m.

The results were not disastrous; far from it. Carlton's profits were 54 per cent higher than the equivalent period and exceeded some analysts' forecasts, but the equity market is a hard taskmaster. This time it was the statement by Michael Green, the chairman, which did the damage, broadcasting some notes of caution to add to the general perception that the one-time stock market shooting star was about to come down to earth. Worries about recent acquisitions, the possibility of Carlton bidding for a TV franchise and the slower performance of the video cassette duplication business have knocked the share price off last September's pedestal of 952p. The shares ended the week down 25p at 515p.

The reverse happened to British Telecom on Thursday. The group announced a 5½ per cent slip in pre-tax profits for the year to March 31 — hit by the cost of its reorganisation plans — but investors answered instead to good news on the growth of inland calls, pushing the share price up 8p to 286p. The widely-held BT shares ended the turbulent week 2p higher at 278p.

Patchy corporate news, coming after last week's strong blue-chip results, was one factor tipping the scales away from equities. Weighing down the week was a profits warning from Ranks Hovis McDougall, the bakeries and food group, which reported static interims. On the same day, BAT Industries was jolted out of its post-bid euphoria, having fought off RHM's largest shareholder Sir James Goldsmith. The City was put out by BAT's first quarter figures, down 27 per cent after a poor performance from its Eagle Star insurance subsidiary.

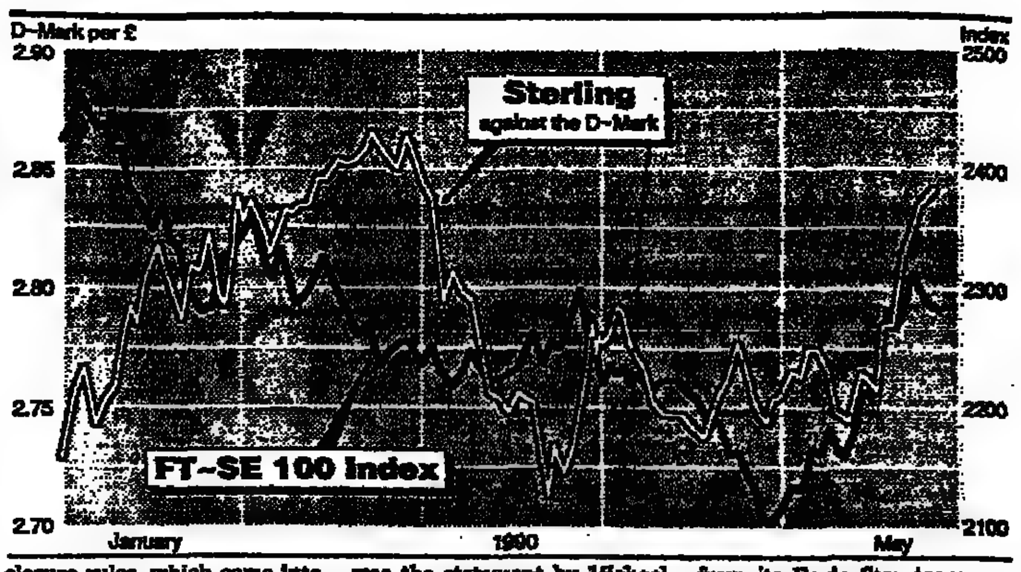
Some of the adverse reaction could be blamed on a creeping tendency among analysts to look for the worst since last week's froth evaporated. That may explain the slight disappointment with British Airways' figures (up 29 per cent to £345m, but helped by changed treatment of aircraft depreciation), and the bearish reaction to Courtaulds' higher-than-expected annual profits of £168m (knocked by worries about its new role, since the demerger of the textiles business, as a speciality chemicals company).

But for genuine bad news you needed to look no further than Lowndes Queensway. Nobody was arguing about the nuances in yesterday's full-year results from the troubled furniture retailer — a loss of £79.4m before tax, with trading still very depressed. Lowndes' shares? A gloomy 3¼p.

By contrast, a shaky market and a poor retailing climate do not seem to have knocked the ambitious fashion retailer Amber Day off course. Against the odds, it decided to buy a Scottish clothing store chain on Monday for £46.7m, funded, even more incongruously, with a mixture of debt and a rights issue.

For smaller investors with less *chutzpah* and precious little inside information, the equity market still looks a dangerously uncertain place to be.

Andrew Hill



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1990 High	1990 Low	
FT-SE 100 Index	2265.6	-3.5	2463.7	2103.4	Trade deficit worry
BOA	25	+6	47	14	Wollenburg may take 22% stake
BHH	63	-17	127	57	Management buy-out fails
Bemrose & Fountain	41	+7	44	28	Possible cash injection
Berkeley Group	188	+17	204	142	Broker recommendation
Burmah	617	+29	698	558	Hoare Govett recommendation
Cater Allen	404	+27	455	381	Firm discount houses
Countryside Props	162	-12	281	162	Int profits more than halved
Gerrard & National	304	+17	325	262	Excellent preliminary figures
Kingfisher	311	+10	318	257	Bid for Dixons blocked
Lon & Metropolitan	73	+22	158	48	Reassuring statement at AGM
Midland Bank	278	-17	404	271	Nomura profits downgrade/'sell' note
Premier Consolidated	94	+9	121	84	Pakistan gas find/Nomura 'buy' note
Tunstall Group	190	+21	195	120	Management buy-out hints
Wellcome	651	-27	795	639	Worried over Retrovir intolerance

WALL STREET

Statements of the obvious

"DO YOU like money, Mr Boesky?"

That is like asking the Archbishop of Canterbury whether he approves of charity. The question was popped to Ivan Boesky, the convicted crook who was once Wall Street's most successful arbitrageur, by a lawyer in a Manhattan courthouse this week.

Boesky, delivering his first public testimony in the three and a half years since he pleaded guilty to securities fraud and began co-operating in a sweeping Government investigation, was the star prosecution witness in the trial of another share dealer. "Of course, don't you?" snapped back the man once seen as high priest of the "greed is good" generation.

It has been a week of many such dazzling statements of the obvious and of raking over the financial excesses of the 1980s. In Washington, Mr Nicholas Brady, the Treasury Secretary, finally came clean on what private analysts have been saying for months: the fiasco in the Savings and Loans industry is going to cost the Government a great deal more than it has admitted.

With a safety net of Government loan guarantees, the industry was pillaged in the 1980s by a collection of crooks and incompetents, and the American taxpayer is now having to pick up the bill.

Until this week the Bush administration had put a $50bn price tag on rescuing S&Ls through to 1992, but Mr Brady revised that figure to between $90bn and $130bn, and admitted that the final cost over 10 years could come to $300bn, almost twice the previous estimate.

This complicates the talks going on between the administration and congressional leaders on ways to cut the budget deficit. Richard Darman, the White House budget director, acknowledged this week that additional Government borrowing to finance the S&L bail-out could put upward pressure on interest rates in the absence of a deficit-reducing package. That "could mean the economy goes from growth . . . to recession."

Certainly, the statistics out this week have added to a picture of an economy expanding extremely sluggishly: New orders for durable goods dropped 4.1 per cent in April, after healthy increases in February and March, while the Government revised down its estimate of first quarter real GNP growth from 2.1 per cent to 1.3 per cent, compared to analysts' expectations of 1.8 per cent.

That figure may overstate the trend, since much of the drop was due to automobile manufacturers slowing production to run down inventories. Some economists say there could be some rebound in the coming quarters as inventories are rebuilt, but judging from the current depressed state of car sales that could take a long time.

Yet the equity markets appear to have taken all this in their stride. The Dow Jones Industrial Average edged higher to yet more record peaks in the first three days of the week, though the advance then ran out of steam at around 2,855, some 45 points higher than the top of the trading range it had occupied for the first four months of the year. It then dipped back on profit-taking and a weaker bond market.

However, the apparent resilience may be deceptive. The advance continued to be concentrated in big capitalisation blue chip stocks, rather than smaller companies, a divergence which some analysts view as a sign of potential trouble ahead. The price/earnings ratio on the Standard & Poors industrial group stands at over 15, relatively high by long-term averages.

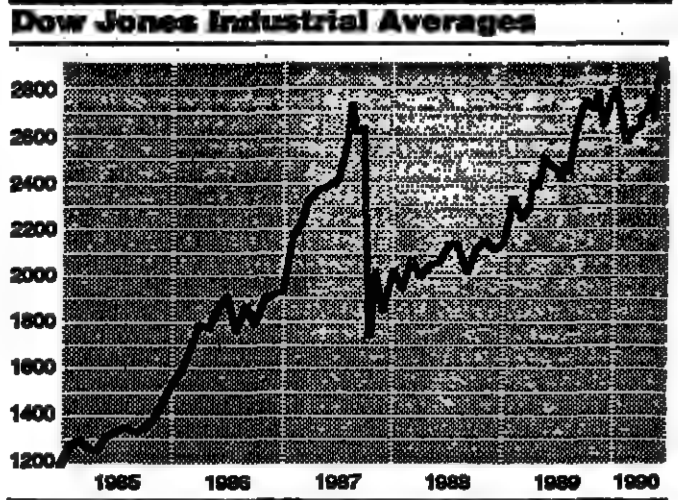
And, for the more technically-minded, the Dow Jones Transportation Index, which covers air, rail and such stocks, has begun dipping as the DJ Industrial Average has climbed. Such a divergence is often cited as a sign of trouble ahead. Utility stock indices are also on a downward trend; technical analysts say that in past inflationary periods they have anticipated a drop by the broader market measures.

Surveys suggest that just as many large institutional investors are bearish about the direction of the market as are bullish. The tussle is likely to remain in a low key until next Friday, when the Government issues the next important economic indicator, on employment growth in May, which could send the market in a new direction. But for this week anyway, the bulls have been still making the running.

Monday	2844.68	+ 24.77
Tuesday	2852.23	+ 7.55
Wednesday	2856.26	+ 4.03
Thursday	2855.55	− 0.71

Martin Dickson

Dow Jones Industrial Averages



JUNIOR MARKETS

Heads you win, tails I lose

ONE STEP forward, one step back. As companies on the unlisted securities market shuffle their way into the summer, the emphasis seems to be as much on undoing deals as making new ones.

On Monday, for instance, Tern Group, the construction company, ended its disastrous foray into the estate agency business. The diversification, which began with a series of acquisitions at the peak of the housing market two years ago, helped to drive the company into a £5m pre-tax loss last year.

Now the company is to sell its half-share in Tern Property Services to Equity & Law Life Assurance Society, which owns the other half, and concentrate on its core construction and development operation.

Tribble Harris Li, the architecture and design services company, also went into reverse this week. Four years after the US business joined the USM, its US directors are set to buy their original business back again.

If the transaction is approved by shareholders, it will leave just Covell Matthews Wheatley Architects, a London based company bought for £3.5m in October 1987. According to Peter Denner, chairman of CMWA, the company turned out to be too small to support the substantial overheads of having businesses on both sides of the Atlantic.

Meanwhile the unravelling of Sock Shop continues. On Tuesday, the administrators who are trying to salvage something from the stricken niche retailer announced that they were closing more than half the group's UK stores.

Not all the announcements by USM companies this week heralded retrenchment. E W Fact, an accountancy and professional training group, announced a £2.2m rights issue to expand its premises. It is keen to increase its student numbers and expand into new fields. The shortages of skilled personnel arising from demographic trends in the UK will, it believes, produces plenty of opportunities.

Wiltshire Brewery was also in expansionary mood. It believes it is well placed to take advantage of the Monopolies and Mergers Commission, which has restricted the activities of large brewers and publicans. Wiltshire Brewery has doubled its size since the start of the year and now owns 30 pubs. This week it agreed to buy six West Midlands pubs from Premier Midland Ales for £1.1m.

But despite the activity of some USM companies, the junior market remains, for the most part, in the doldrums. With the perception that smaller companies are bearing the brunt of the economic slowdown, they remain deeply out of fashion.

Evidence for this is furnished by the lacklustre performance of smaller company shares. This month for example, County's smaller company index has lagged well behind the major market indices. Datastream's USM index has done even worse, with a 0.5 per cent fall this month, compared with a 7 per cent rise in the FTA-All Share Index.

Go back to the start of April and the effect is even more pronounced. The USM index has fallen by 10 per cent, while the FTA-All Share Index has scarcely moved. In addition to the general unpopularity of smaller companies, the recent underperformance can be put down to a long-standing habit of small stocks to lag behind large stocks in a rally. As the market surged ahead this month on hopes that the UK would join the Exchange Rate Mechanism, investors scrambled to keep up and so bought into the more marketable stocks while the thinly-traded shares got left behind.

So far, so frustrating. When times are dull, investors seem to dwell on the problems of small companies and mark down their share prices, while in more frantic times they get left behind in the rush. For small companies recently, it might seem like a case of "heads you win, tails I lose."

Most smaller company brokers would like to see the emphasis on the fortunes of the smaller company sector replaced by a greater stress on the individuality of companies.

Ruth Keattch of Schroders believes there is no theoretical reason to lump small companies together as a sector. The problem, she says, is that fund managers used the outperformance of small companies over the last 30 years as a marketing tool even though there was no fundamental reason for their strength. Now that small companies are unfashionable, they are all being tarred unfairly with the same brush.

In particular, she is critical of an excessive emphasis on indices. "Like any random group of companies, the very good are on average balanced by the very bad and on a fundamental assessment alone one should expect neither outperformance nor underperformance from a smaller companies index," she says.

But none of this is a reason to shy away from smaller company investment, in her view. The key, more than ever, is good stock selection. Well managed small companies should be flexible enough to withstand the full effects of a recession and starting from a small base should give them more scope for rapid growth.

Vanessa Houlder

Would you buy used shares in these men?

SMALL investors could be forgiven for thinking that they should treat the motor distribution sector with even more caution than they would apply to used car salesmen.

Over the past year it has underperformed the FT Allshare index by 24 per cent, and since the beginning of this year by 12 per cent — mitigated by takeover activity rather than less bad performances. And in case there are doubts about the state of trade, Trimoco's announcement this week of near halved pre-tax profit for the year to March 31 will have dispelled them.

The reasons for the gloom are all too familiar. Interest rates, in particular, are blamed for inflicting a "double whammy" on the trader: his interest payments shoot up and his customers' spending power goes down. Not only does the volume of sales fall (2.1m new cars are expected to be sold this year compared with 2.21m in 1989), but also the ensuing scrabble for custom eats into already modest margins. The dealers have a 17 per cent mark-up on the price of new cars, but they complain that only 2 per cent is left after discounting.

Although this may not tally with individual experience, it has to be remembered that two thirds of new car sales are to corporate buyers, who have more muscle.

Similar gloom pervades used car sales and there is even a murmur that the traditional mainstay of profit — servicing and repairs — may be squeezed as users skimp on the 6,000-mile services.

If there are doubts about performance, what about bid prospects? Although it has long been mooted that the sector is ripe for consolidation (one analyst estimated that the 27 quoted companies covered only 10 per cent of the market), many obstacles remain.

However, the picture presented by all these negatives may be bleak enough to suggest that now is the time to think about buying — with the usual warning about risk.

After all, as most car owners know, we can't do without them. In the UK, the number of cars per 1,000 population is expected to grow from 351.7 in 1986 to 403 in 1994. And if the latter figure sounds high, compare it with the *1986* figures for West Germany and the US, 445 and 485 respectively.

Roger Smith, chairman of Trimoco, was assuming such pent-up demand when he said a cut of manufacturers' prices as a result of a recently launched Monopolies and Mergers Commission inquiry could be good for business.

The inquiry may also start the ball rolling on an issue dear to the dealers' hearts but which has so far proved beyond their ability: the dismantling of severe constraints imposed on their operation by the motor manufacturers. (Unbiblical tales are told of the occasional Davids who have tried to take on the might of Goliaths such as Ford.)

But while all this can lead to talk about what motor traders might do with their new-found marketing power, there is short-term argument for thinking about buying now.

It is that the sector is poised to bounce back if interest rates come down. The most extreme case is T. Cowie, whose interest bill last year was £37.97m because of the way it finances contract hire. Cowie says that every 1 percentage point fall in the interest rate will put £2.2m on his bottom line. Mind you, the group's performance is taking a bashing meanwhile.

As one analyst put it, "you have to call the interest rate cycle properly." The question is: how far ahead of your predicted date to buy?

One observer argued that the time was fast approaching because many of the share prices are already discounting both continuing high rates this year and the dire news expected this September when several groups report their first-half results.

More prudent advice from another analyst was wait until the autumn, when the revelation of worse than expected figures will send prices to a nadir.

A more thorny question is which stocks to buy. The attractive stocks can be divided into three categories.

The first, and most difficult to assess, is the speculative stock — the next company to be in the position of Hartwell, which still looks set to fall to the Jameel vehicle Oakhill.

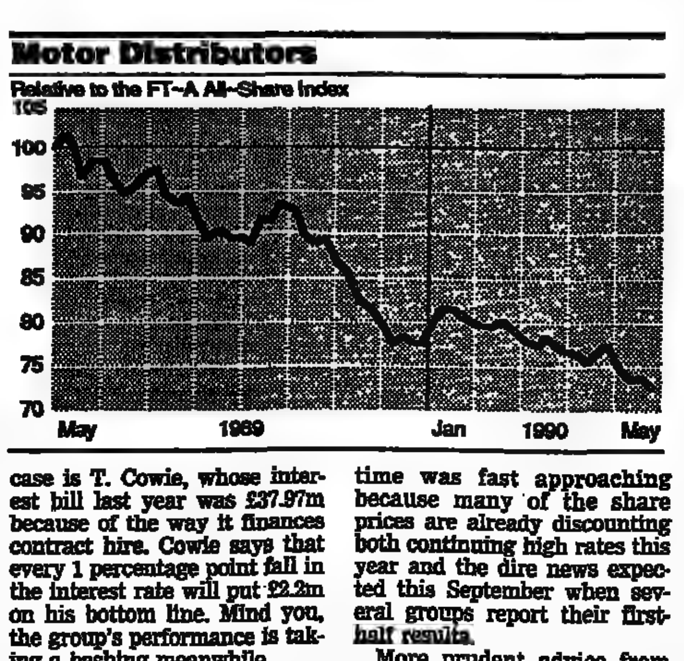
The second more conventional category contains the companies which should be considered for business reasons: a good geographic spread, a wide range of franchises and good management. A few examples cited by analysts are: Tozer Kemsley and Millbourn (TKM), Evans Halshaw and Pendragon.

The third category is companies in special situations. This might include interest-rate gambles like Cowie for the very brave or those with particularly attractive properties like Caffyns. Several of the stocks have good asset backing.

While recovery might still be some way off, several groups will do their best to maintain dividend yields at a generous premium to the market.

Jane Fuller

Motor Distributors



FINANCE & THE FAMILY

David Barchard looks at the growing diversity of banking services

New accounts for old

ALMOST everyone threatens to switch their current bank account at some time or another. Surprisingly few people actually do it. The large banks, which monitor these trends closely, report that the vast majority of the population strikes up a relationship with one bank in early adulthood and stays faithful to it for the rest of their days.

But if you do want to make a change, conditions have never been more favourable.

In the last 10 years, there has been a steady stream of new entrants into the current account market. Competition has improved the quality and variety of current accounts on offer. Transaction charges have largely disappeared, at least for accounts kept in credit. Even more strikingly, current account balances can now earn interest. The large clearers have followed Co-op Bank and Nationwide Anglia and now offer interest-bearing current accounts, though you usually have to ask for them.

Increasing numbers of people are opening second accounts. Barclays reckons that 12 per cent of its customers now have a secondary account with a competitor, but do not necessarily switch their salary payment to it.

Sometimes the secondary account is opened to earn a higher rate of interest or to enable a housewife to control the housekeeping money more effectively. A second current account can also make it easier to manage your finances if you have a large number of direct debits and standing orders each month and so find it hard to know how much cash is in your primary account.

Diverse as they are, the new generation of current accounts have one thing in common: each of them is targeted at a particular type of customer.

Do you want to borrow money from the bank or earn interest on an account that stays permanently in credit? Is your eagerness for a high level of interest outweighed by your desire to have a branch or cash dispenser within easy walking distance of home or office? Do you want to do some of your banking business at home? Are there significant variations in the quality of service you can expect from different institutions?

There have never been hard and fast answers to these questions, and choosing a current account today is a more personal affair than ever before. But there are some pointers which everyone will want to bear in mind.

Branches and cash machines: Though your account will nowadays probably be processed centrally, the availability of a local branch and the quality of its staff will probably be important to you. If you are a customer of the "big four" clearers, you will probably get better service in a branch in a small town than in a busy city.

The key to the quality of each branch is the ability of its manager — and the clearers seem to agree, in private at least, that really good branch managers are much thinner on the ground than they ought to be.

Another consideration is likely to be the number of branches. Here the big clearers win hands down. NatWest has a branch network of over 3,000, Barclays some 2,700 branches, and Lloyds and Midland over 2,000 branches each. TSB is not too far behind with 1,500 branches, which are often hidden away in the back streets. Royal Bank of Scotland has 829 branches and Bank of Scotland, 540. The top five building societies have between 450 and 750 branches each. Below them, branch numbers start to fall away sharply.

If you communicate with your branch by post and otherwise mainly value a branch network for cash machines, there is little doubt again that the two networks operated by the clearing banks win handsomely over the building societies, though at least the societies now have a unified system in Link.

If you think you can do without a branch altogether, then you should consider switching to accounts such as those offered by Firstdirect, the telephone bank launched by Midland last year, Save & Prosper, and Girobank's telephone banking service. Firstdirect has relatively few customers as yet, but it operates around the clock and throughout the year while Girobank's telephone services close at 8.00 pm each day. There seems to be general agreement that Firstdirect is serving its customers very well.

Whatever their size and branch structure, you should be able to obtain Visa and MasterCard credit cards from your bank. Debit cards, like Switch and Connect, which deduct funds directly from your current account are now fairly widely available. Remember you will also want a cheque guarantee card: again, some banks, including Abbey National and Save & Prosper, will now give you a £100 guarantee limit.

Save & Prosper's debit card has the unusual feature of only drawing the money from your account at the end of the month rather than after two or three days, thus giving the chance to enjoy several weeks free credit.

Standing Orders and Direct Debits: You should have no difficulty in arranging these, even with a building society account. A problem frequently encountered is transferring standing orders and direct debits from one institution to another. The difficulty of re-arranging mandates for them is one of the most common reasons customers give for sticking to a clearing bank account with which they are not happy.

Ignorance is Bills

Tales abound of the unhelpfulness of banks when a customer attempts to transfer business elesewhere

And tales abound of the unhelpfulness of banks when a customer attempts to transfer his or her business elsewhere. A useful preliminary to changing your bank account is to ask your branch to give you a print out of your direct debits and standing orders. You may be surprised to discover how many you have.

Overdrafts: Your use (or non-use) of overdraft facilities is the main pointer to the kind of account you should have.

Bank current account customers fall roughly speaking into three groups: those who never go into overdraft; those who occasionally cross the line, perhaps by accident; and those who maintain chronic overdrafts to help meet school fees and other outgoings.

Those who never have overdrafts will obviously want an account which pays the highest interest rate possible. The interest bearing current accounts launched by the clearers last year tend to carry highly unfavourable rates for unauthorised overdrafts, though several of them allow customers to have occasional overdrafts of under £100.

If you stray into a modest unauthorised overdraft fairly regularly, then you should definitely look at Halifax, Abbey National, or Northern Rock, and steer well clear of National Westminster or Midland, whose charges on unauthorised overdrafts seem unduly punitive.

Some banks will only charge you interest, and no extra fees, on overdrafts: they include Halifax, Abbey National, Beneficial, HFC Bank, and Nationwide Anglia.

You may also find it worth thinking about the Royal Bank of Scotland interest-paying current account which gives an automatic overdraft facility of £1,000. If you are more than £100 overdrawn, you will also pay a flat fee of £6 for the month. Remember that if you are running up large unauthorised overdrafts, you risk having your cheques bounced by your branch: they will usually charge you a penalty when they do that.

If you intend to borrow on an overdraft, you should always ask your bank to make all its charges and fees known to you. When fees are added in, the annual interest rate charged often looks much less good that it may at first sight.

Telephone and Home Banking: If you want to open a current account at a bank or building society which does not have a branch near you, you may find that you can do all you need by issuing instructions to your bank by telephone.

Firstdirect's rates are particularly attractive to both those who stay in credit and to customers with large overdrafts. Firstdirect charges 20.7 per cent on overdrafts below £2,000, but this rises to a hefty 36 per cent if the overdraft is not authorised by the bank beforehand.

Other forms of home banking allow you to look into your account via a computer or television screen. HOBS, the Bank of Scotland's home banking service, and Nottingham Building Society are the best known examples. Home banking of this sort can be fairly expensive.

A much cheaper arrangement is to use the tone pads which come with accounts such as Maxim, FlexAccount, and TSB. These enable you to bleep instructions down the phone to the computer either to inquire about your balance or to transfer money or make a payment. The tone pad will generally cost you about £6 a year.

TSB has a facility which allows you to receive a print-out of your bank statement from the computer by fax.

Other alternatives: Many different types of cheque account are now available on the market. But are you sure you still need a mainstream cheque book current account? At one end of the scale, several banks and building societies offer accounts based on plastic cards rather than cheque books. These tend to be aimed at young people, temporary visitors to the UK, and the like.

Halifax's Cardcash account, which pays interest and allows you to withdraw money from a cash machine, is one example, though there are many others, including Barclays Instant Account and Lloyds Electron from the banks. If you want to pay by cheque, Halifax will print out a cheque of its own made out to the payee of your choice — a slight disadvantage, since the money is deducted from your account well before it reaches the payee.

At the other end of the scale, there are high interest cheque accounts which differ from current accounts mainly by paying you better interest while placing restrictions on your ability to write cheques, and also perhaps obliging you to keep a large balance.

American Express this month introduced a high interest cheque account which pays interest of 12.87 per cent gross on balances of £1,000 rising to 14.46 per cent on balances over £25,000. There are snags: cheques must be for amounts over £100 and there is no cheque guarantee card, the latter a point to watch on all high interest cheque accounts.

Save & Prosper's Classic account offers high rates of interest (8.9 per cent net on amounts over £1,000 and 10.9 per cent net on balances over £5,000) and customers can draw up to £5,000 in overdrafts at a fixed rate of 4 per cent above base. There is also a £2 monthly charge, but only if you are in the red on the last day of the month. Though Save & Prosper has no branches, customers can drew money through any cash machine bearing the Visa sign — and they do not pay the usual commission for Visa cash withdrawals, even when travelling abroad. But the Save & Prosper Classic account is aimed at upmarket customers: there are only about 10,000 account holders at present. Some of these say that the absence of a branch network and restrictions on cheques can offset the obvious attractions of the S&P Classic Account.

Fees: If you stay in credit, you will usually avoid these nowadays. However, charges still apply if you want a bank account which will actively manage your funds, eg by transferring money from one account to another to ensure that you earn the maximum rate of interest or avoid an overdraft.

Midland Bank's Vector account, intended for yuppies who do not have time to waste on going through their bank accounts, falls into this category. It carries a monthly fee of £10, even when an account is in credit.

John Edwards on Labour's economic policy

The rich get nervous

THE RICH can expect quite a battering if the Labour Party wins the next General Election, in spite of the conciliatory tone adopted by the much-leaked economic policy, officially unveiled on Thursday with great pomp and ceremony. Entitled Looking to the Future, the glossy document looks remarkably like the kind of brochures produced by insurance companies to woo clients. Some of the contents are a bit similar too, promising lots of goodies but rather vague about the price to pay.

What is clear, however, is that top-rate taxpayers will bear the main burden of financing a "decent society." Neil Kinnock, the Party's leader, in a TV interview said Labour would raise "a figure in excess of £2bn, and that's in the first year" extra from high-rate taxpayers. Other estimates were that it was more likely to be more than £3bn.

In Labour's promised "fair tax system" contributions are based on ability to pay; a principle, it says, adopted throughout the world and especially in the EC. It will, therefore, introduce a series of bands, starting at or below 20 per cent for the lower paid and rising to a top rate of 50 per cent. The number of bands and rates of tax will be decided by a Labour Chancellor, but the document points out that such a big reform of the tax system will mean that changes must be introduced gradually.

It is confirmed that the upper earnings limit on National Insurance contributions would be scrapped, so the top-rate taxpayer would face a total "tax" deduction of 59 per cent.

Labour is also unhappy with independent taxation for married couples, which it says continues to discriminate against women because the married couple's allowance still goes to the husband first. This means the wife still pays more tax. So Labour would gradually withdraw the allowance but in such a way as to ensure that the amount of tax-free income received by the couple would not fall in cash terms.

The document promises a "major crackdown" on tax loopholes, with a limit on the total value of tax breaks enjoyed by better-off payers. Such a system already exists in the US, where those with high incomes have a liability to pay a minimum proportion of their income in tax, regardless of any allowances claimed.

No mention is made of capital gains tax, but it is believed that the big reform might involve abolishing the annual exemption and treating capital gains as additional income.

While Labour will retain tax relief on mortgages, it will abolish the high income relief. Every mortgage payer will get "relief at the same, standard, rate of income tax," although the document adds that tax relief will be more flexible to help first-time buyers in the early years when costs are highest. It is not made clear what the "standard" rate would be; it could be the bottom rate of below 20 per cent, meaning that relief on mortgages would drop substantially.

A radical measure proposes to end house "gazumping" by adopting the Scottish system where a written offer on a property can be legally binding. A housing "log book," covering surveys and work done on the property, would be introduced, as well as tougher controls on estate agents.

To deal with the problems of families being evicted because they cannot keep up with mortgage rates, Labour says it will consult with building societies and housing associations to find a way of allowing people to remain in their home as tenants.

Existing tenants will be given greater rights with "rents set at a level which people can afford" and more say in the cost of repairs and improvements. They should, says the document, be "active partners" in running their housing, with the right to take over estate management if they wish. They would also be given the option to "part rent, part buy" so they could share in the increasing value of the property.

Labour says it will look at a variety of incentives to encourage personal savings and will expand the role of the National Savings system. No further details are given.

However, Labour will introduce a new National Personal Pensions Plan, which will enable employees to pay extra National Insurance contributions to secure higher pensions or a lump sum at retirement. This is a direct challenge to the existing personal pensions offered by life companies and is part of a general policy to strengthen state pension schemes.

Extra protection will be given to borrowers and savers under a consumers' charter. Excessive loan charges will be outlawed and savers will be given a greater say in how their building society or pension fund uses their money. All such organisations would have special directors accountable to savers and the document also promises to look at "ways of making the banks more responsive to customers' wishes."

The document confirms that the proposed National Investment Bank to help companies starting up will be free to raise its own funds in the same way as other banks. The original plan to force UK-based funds to provide the finance by restricting their ability to invest overseas has been dropped. Exchange controls are not mentioned.

Company takeovers and mergers will be more tightly regulated and the Department of Trade and Industry will be revamped, possibly to play a bigger role in the regulation of the City.

The definite news for investors is that some privatisation issues are at risk. Labour confirms that if the public stake in British Telecom remains at 49 per cent, it will use the dividends to buy sufficient shares at a fair market price to increase the holding to 51 per cent. It also pledges to take the privatised water companies back under state control, again paying a fair market price.

Looking to the Future may not be a totally "soak the rich" policy — but is certainly getting close to it.

John Edwards reviews a panoply of new fixed-rate mortgages

More options for home buyers

FIXED rate mortgages are flooding on to the market. This follows the sharp dip in Libor (London Interbank Offered Rate) interest rates on the wholesale money market last week after John Major, the Chancellor of the Exchequer, raised hopes about Britain joining the European Monetary System's exchange rate mechanism. The sudden drop enabled lenders to borrow wholesale money at much reduced rates, before the poor trade figures announced this week sent Libor climbing again.

Institutions have therefore been able to undercut the current variable standard rate of 15.4 per cent — quite significantly in some cases. First Mortgage Securities, for example, is offering a mortgage rate of 12.95 per cent fixed for 18 months. It includes in the package a special insurance policy against accident, sickness and unemployment and the facility to switch the mortgage to apply to a different property.

However, an unwelcome feature is that a redemption fee of three months interest applies for a period of five years, not just 18 months, and the low fixed rate is given on endowment mortgages only. There is also an arrangement fee of £150.

Several building societies have also jumped on the fixed-rate bandwagon. Yorkshire says it is the first society to offer a reducing fixed rate mortgage. It starts at 14.5 per cent fixed until August next year, dropping to 13.5 per cent until August 1992 and to 12.5 per cent until 1993.

If you decide to move home within three years, the remainder of the fixed rate loan can be carried over. But if the mortgage is redeemed before August 1993 you are liable to pay up to three months interest. There is an application fee of £100 and the scheme is confined to endowment and pension mortgages.

Cheltenham & Gloucester, on the other hand, is offering an interest-only mortgage, fixed at 13.95 per cent until August 1992 without any obligation to take out an accompanying endowment policy.

Northern Rock is also offering a 13.95 per cent mortgage fixed at that rate until August 1992, while Britannia and Norwich and Peterborough are offering three-year fixed rate mortgages at the same rate.

In contrast the interest rate on Prolific's Homeloans Portfolio is fixed at 14.25 per cent only until the end of the year. The company say that "all the indications are that interest rates are likely to start falling in the first half of next year and so borrowers would not wish to be locked into a long-term fixed rate."

Borrowers do not seem to agree. Lenders report strong demand for fixed rate offers. The Household Mortgage Corporation says, for example, that it recorded its largest single daily intake of £2m for its new reducing two-year mortgage, where you pay interest fixed at 14.45 per cent in the first year, and 12.95 per cent in the second year.

A mortgage as a loan for life

A 99-year mortgage that can be used as a permanent bank loan facility has been launched by the Guardian building society, which is now owned by the Cheltenham & Gloucester.

Called Lifetime Superloan, the Guardian describes it as a mortgage that you can design yourself to suit changes in your lifestyle over the years. It can even be passed on to your children.

It is an interest only loan, which you can choose to repay in whatever way you want. After the first year you can also take a "holiday," suspending or reducing the interest payments for up to a year, if you are strapped for cash.

There is also an automatic drawdown option that should increase over the years in line with any rise in the value of the property. If for example, your initial mortgage is £50,000 you could borrow an additional amount, at the same standard mortgage rate of interest, providing the total sum does not exceed 70 per cent of the property's value. In effect you have a permanent bank loan facility at a favourable rate of interest.

You can also reduce the size of your loan, although you can only repay 25 per cent of the total loan in any 12 month period without any redemption penalty. You are charged two months interest if you redeem the mortgage early, unless a new mortgage is taken out with C&G. So it truly is a loan for life, unless you pay up.

The interest rate charged is the Guardian's standard mortgage rate, currently 15.65 per cent, which is historically at a small premium above the bigger societies' rate. However there is no additional loading on any extra money borrowed.

Kathi Mountford, marketing manager, said the 99-year loan was given at any age, so it could be very helpful in reducing your liability to inheritance tax; it is an outstanding debt reducing the value of your estate. Life policies are not assigned to cover repayment of the mortgage. If these were put in trust the beneficiary could take over the mortgage.

J E

FINANCE & THE FAMILY

Sara Webb talks to an apiarist whose second swarm is in the City

A judge, not a policeman

FOR SOMEONE who keeps bees as a hobby, Richard Youard, who delivered his first annual report as Investment Referee, is is not a man to sting those he wants to punish. He prefers a conciliatory approach to righting the wrongs in the investment world.

As he puts it: "I believe that if my office is to do its job properly it must be seen as a judge and not a policeman." Youard has been in office for a year now,. dealing with those complaints about investment advisers and managers which IMRO (the Investment Management Regulatory Organisation) and FIMBRA (the Financial Intermediaries, Managers and Brokers Regulatory Association) cannot resolve.

His first report makes interesting reading – first because it suggests that the standard of portfolio management service delivered, particularly by banks, is not high enough, and secondly because many of the people who lodge complaints are quite oblivious to the risks involved.

Youard and his assistant Ron Bennett handle one dispute a week on average. So far they have resolved 40 cases, half in favour of the complainant and half in favour of the company. A third of these disputes concern general financial advice, while another third concern the way in which customers' funds are managed. They have also had to deal with several complaints regarding personal equity plans (PEPs) and unit trusts.

Take the following example. A man gave his investment manager discretion over his investments, spelling out the specific targets. The manager accepted the mandate but then realised that it would be difficult to achieve the targets. Instead of consulting his customer, he simply amended the instructions and replaced the original goals with others which he thought were more easily attainable. Youard describes this as "outrageous conduct." The manager paid £4,315 in compensation to the customer.

Other problems arise from misunderstandings between the client and manager over what has been agreed. In one case, the customer did not correctly understand what the manager meant by "cancellation price" (otherwise known as the minimum bid price, or the lowest price permitted according to the official Department of Trade and Industry pricing calculation at which the management company may buy back units from the public). The company made an ex-gratia payment in this case.

In another instance, the manager was told to transfer a customer's portfolio to a new manager. Instead he liquidated it. Youard points out that it is often the big, well-known names which are at fault rather than the fly-by-night financial advisers.

However, he adds that the complainant may be to blame. Some investors, he says, are appallingly ignorant. "People don't understand risk, they don't understand what investment is about. They don't read the forms carefully. People haven't got it into their heads that investment is a medium- to long-term thing. They shouldn't be investing if they are thinking about their money every single day," he says.

"There have been a small number of cases reaching my office where the conduct of the member firm can fairly be described as deplorable; it can equally truly be said that there are roughly the same number of complainants whose approach deserves the same adjective," his report reads.

Youard cites the case of someone with a small portfolio who complained that his manager did not pay constant personal attention to his investments even though the manager had never undertaken to do so. He also blamed his manager for the consequences of the 1987 stock market crash on his portfolio.

In another case, someone on a very low income had about £100 invested in a unit trust. They were trying to use the income from the unit trust for ordinary subsistence, clearly unaware of the risk involved with such an investment.

If you have a complaint about the way your investments have been handled, you can contact the Office of the Investment Referee directly,* but you may find that he advises you to direct your complaint to IMRO or FIMBRA first. He only handles disputes; the self-regulatory organisations are supposed to detect breaches in the regulations themselves. "I'm not a regulator, my job is to resolve disputes in such a way as to improve standards in the industry," claims Youard.

This year, Youard says the average amount claimed in these disputes is just over £1,500 – excluding two very large claims, one of which was dropped while the other was settled between the parties. Many of the companies concerned have been happy to make amends and keep their customers sweet, but others display a lack of grace, particularly when it comes to making ex-gratia payments.

One customer wrote to the Referee's office to say he was pleased to learn that his bank had agreed to make an ex-gratia payment and had decided to stay with them. However, when the cheque arrived, the accompanying letter was so grudging and unpleasant that he changed his mind and moved his custom elsewhere.

"Goodwill is important, any small shop keeper knows this but some of the bigger institutions have forgotten," says Youard.

■ *The Office of the Investment Referee, 6 Frederick's Place, London EC2R 8BT. Tel: 071-796-3065.*

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
Prices in pence unless otherwise indicated					
Alumasc Group‡	250	235	183	31.95	Glynwed Intl.
Aquascutum	550*	553	340	19.25	Renown Inc.
Do. A	200*	197	143	54.55	Renown Inc.
Camford Eng.	330*	328	244	69.0	Worldmark
Cont. Microwave	236*	222	145	12.24	Pharos Hldgs.
Do. 6% Conv. Pf.	112*	107	85	3.35	Pharos Hldgs.
Crystalate	85½§	81	73	32.67	TT Group
Crystalate	80*§	81	73	30.60	Vishay
Globe Inv. Tst	181*§	193	174½	1.03bn	Br. Coal Pen. Fs
Highland Elect.‡	74½	66	68	6.52	[illegible]
Lancaster	185*§	178	143	31.63	[illegible]
Molins	278*	276	246	83.00	Leucadia
[illegible]	93*	92	53	16.66	Werth Hld GmbH
Optim Group	17½	16½	14	14.00	Systems Reliab.
Pennant Group	24§§	25	19	4.35	Mowat Group

*All cash offer. ††Cash alternative, ‡Partial bid. §For capital not already held. ‡Unconditional. **Based on 2.30pm prices 25/5/90. †At suspension. §§Shares and cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Airflow Stream.	Feb	3,200	(3,390)	23.3	(24.9)	6.0	(6.0)
[illegible] Int'l.	Dec	1,490 L	(94)	-	(-)	-	(-)
Assoc Brit Foods	Mar	283,800	(237,100)	41.9	(35.9)	11.0	(9.3)
British Airways	Mar	345,000	(268,000)	34.1	(24.3)	8.86	(7.75)
Brit. & American	Dec	927	(715)	25.0	(19.6)	8.3	(7.42)
British Inv Tst	Mar	n/a	n/a	22.8	(20.8)	21.5	(20.0)
British Telecom	Mar	2.9bn	(2.44bn)	25.0	(25.9)	11.8	(10.5)
Celtic Gold	Dec◆	[illegible] L	(60 L)	-	(-)	-	(-)
Chamber. & Hill	Mar	2,360	(1,870)	23.4	(19.5)	5.75	(4.5)
Chester. Props	Dec	12,120	(10,670)	34.3	(32.9)	17.8	(16.0)
Conrad Cont.	Dec	283 L	(1,210)	-	(5.7)	1.0	(3.0)
Courtaulds	Mar	188,100	(159,900)	32.0	(28.4)	11.1	(13.0)
Elliott B	Mar	7,630	(4,440)	12.5	(10.0)	4.35	(3.6)
Elswick	Jan	2,420	(1,800)	1.67	(1.27)	0.6	(0.45)
Fine Art Develop	Mar	25,710	(22,630)	22.2	(19.4)	8.9	(7.75)
Gates Frank G	Dec	1,950	(2,280)	5.34	(6.83)	2.75	(2.75)
Gerrard & Nat.	Apr	8,520©	(1,700©)	-	(-)	19.0	(16.5)
Globe Invest Tst	Mar	49,820	(37,330)	6.47	(5.1)	5.78	(4.98)
Goldsmiths Group	Mar§	4,060	(2,270)	22.7	(19.6)	1.4	(-)
Harding Group	Dec	821	(1,250)	3.64	(7.15)	2.75	(2.75)
Isoped Int'l.	Jan	2,060	(2,500)	10.6	(14.2)	5.5	(5.0)
Land Securities	Mar	175,100	(149,200)	24.6	(20.9)	17.0	(14.4)
Lendu Holdings	Dec	138	(1,028)	0.89	(6.73)	0.7	(0.9)
Monks Invest Tst	Apr	5,050§§	(3,720§§)	6.51	(4.79)	6.0	(4.5)
Nykredit Mort.	Nov‡	1,170	(2,630)	-	(-)	-	(-)
Personal Assets	Apr	219	(305)	1.09	(1.46)	1.0	(1.25)
Pision Int'l.	Mar	408	(581 L)	5.7	(-)	-	(-)
Prowting	Feb	16,120	(21,950)	16.6	(23.3)	5.0	(5.0)
Ralston Inv Tst	Mar	528§§	(274§§)	2.2	(1.14)	2.0	(1.0)
Rea Holdings	Dec	1,050	(700)	6.4	(6.2)	4.0	(3.0)
[illegible] Int'l.	Mar	[illegible]	(18,700)	6.49	(7.24)	3.44	(3.15)
Scotts Rests.	Dec	694	(420 L)	80.5	(-)	6.6	(4.3)
Shires Invest.	Mar	3,010§§	(2,610§§)	16.4	(15.2)	16.75	(15.5)
Smith James Est.	Mar	1,140	(740)	5.07	(3.43)	3.0	(-)
Speciality Shops	Dec	1,400	(1,200)	-	(-)	-	(-)
Tern.	Dec♥	4,980 L	(872)	-	(1.4)	-	(-)
Tribble Harris	Dec†	1,160	(2,630 L)	4.06	(-)	3.2	(4.8)
Trimoco	Mar	3,810	(7,510)	2.34	(3.83)	1.4	(1.4)
Verson Int'l.	Jan	2,470	(1,650)	2.75	(1.95)	0.61	(0.57)
Westbury	Feb	28,110	(36,100)	35.5	(50.8)	9.0	(8.5)
Young & Co's	Mar	4,620	(4,820)	24.1	(21.5)	11.5	(10.2)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Archer AJ Holdings	Mar	660	(362)	3.15	(3.0)
Argos	Mar©	4,900	(4,620)	-	(-)
Bass	Mar	247,000	(225,000)	9.0	(7.0)
BAT Industries	Mar‡	231,000	(318,000)	-	(-)
Bett Brothers	Feb	1,500	(1,580)	2.1	(1.85)
Blick	Mar	2,650	(2,480)	2.6	(2.4)
Carlton Commns.	Mar	64,900	(42,000)	5.51	(3.06)
Caudon Group	Mar	155 L	(337)	-	(-)
Charterhall	Dec	26,000L	(5,739)	1.1	(1.0)
Chiltern Radio	Mar	403	(261)	1.0	(-)
Chrysalis Group	Feb	497	(2,100 L)	2.0	(2.0)
Compass Group	Apr	13,700	(11,700)	3.45	(3.0)
Countryside Props.	Mar	4,010	(11,130)	1.41	(1.3)
Dobson Park Indust.	Mar	10,180	(9,060)	1.9	(1.9)
Fairline Boats	Mar	2,010	(1,820)	7.15	(6.5)
F&C Eurotrust	Mar	380 L♣	(137 L♣)	-	(-)
Ferry Pickering	Feb	1,180	(1,320)	2.1	(2.1)
Fulcrum Invest. Tst.	Apr	n/a	(n/a)	3.6	(2.56)
Great Western Res.	Mar	8,500†	(1,700†)	2.5	(2.0)
Greyfriars Invest.	Mar	255	(-)	2.0	(-)
Kelsey Industries	Mar	1,500	(1,360)	5.0	(4.12)
McLeod Russell Hldgs	Mar	4,550	(4,200)	2.75	(2.5)
MEPC	Mar	77,400	(64,400)	5.25	(4.75)
Overseas Invest. Tst	Mar	492‡	(512‡)	0.75	(0.7)
Perpetual Trust	Mar	675	(766)	0.8	(0.8)
Radio City	Mar	458	(623)	3.5	(3.0)
Ranks Hovis McDoug.	Mar	61,700	(61,500)	3.82	(3.82)
Warner Estate Hldgs	Mar	3,737	(3,020)	3.0	(2.5)
Wharfedale	Dec	320 L	(2,340 L)	-	(-)
[illegible]	Mar	2,710	(1,520)	1.75	(1.25)
W'hampton & Dudley	Apr	13,810	(13,010)	3.7	(3.2)
Yorkshire Television	Mar	11,060	(10,380)	3.3	(3.3)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.‡ After tax revenue.† Figures quoted in US dollars & cents.© .Trading profit for 1st quarter.‡ This years figure for 8 months.§ Last years figures for 11 months.♥ Last years figures for 15 months.◆ Figures quoted in Irish punts.§§ Net revenue.♣ Net deficit.‡ 1st quarter figures.© Net profits.

RIGHTS ISSUES

BW Fact is to raise £2.2m via a 2-for-5 rights issue at 105p.
Laporte is to raise £144m via a one-for-four rights issue at 485p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Falcon Resources is to change its name to United Energy when it seeks a quotation on the USM. Details are expected shortly.
Proteus International is to join the USM via a placing of 6.57m shares at 84p.

Diary of a Private Investor

Some home truths about BES

WHAT HAS happened to business expansion schemes (BES)? Over the years I have been deluged with prospectuses for all manner of BES investment opportunities and in the early part of this year was still receiving details of "assured tenancy" issues. But in recent months: nothing.

At first sight, BES companies seemed attractive. An investor could get tax relief at his highest rate on BES investments of up to £40,000 per year – and, if the BES shares were held for five years, there would be no capital gains tax to pay on the disposal of those shares.

It was stressed that the tax advantages were given because the nature of the businesses concerned were supposed to be "risky" – but has this risk proved to be greater than many investors expected?

Some of the earlier BES issues have reached, or are approaching, the end of their five-year qualifying period and many investors are finding that rather than tax-free capital gains, they have received either very little or have lost their investment.

My own experiences of BES companies has been mixed. I avoided some of the more exotic issues – like that of Angora International, which included a letter from The Goat Advisory Bureau in its prospectus. Good job I did, because it has suffered heavy losses.

On the other hand, in 1986 I was attracted to a company called Telebeam which had "pioneered the development of a portable, hand held teletext receiver." In November last year I learned that the company had gone into administrative receivership so I said goodbye to my £600 investment.

An earlier – and larger – BES investment fared somewhat better. This was in The Britannia Business Expansion Fund 1983/84. In March this year I received a statement from Britannia detailing the realisations that had been made of companies within the fund. Of the £1,363,500 originally subscribed by investors, £425,715 had been lost on "failed investments."

However, one of the investments of the fund had done spectacularly well and more than made up for the others' relatively poor performance. The fund had made an investment of £61,270 in Graham Wood, a structural steel fabricator, which produced a return of £602,900.

Although there might still be a small amount to come from a few investments as yet unsold, the fund had already returned 104 per cent of their original net investment to 30 per cent tax payers, while 75 per cent tax payers (like myself in 1983/84) had received 291 per cent. Even so, compared with my investments in ordinary companies on the stock market over the same period, the results were rather poor.

Recently I received a letter from Johnson Fry group stating that a BES company in which I had invested in 1985 – Hotel Apartments – had sold its two hotels and thus had over £2.75m on deposit: more than £1.10 a share, and the shares had cost £1.00 each. Unfortunately, due to some late investors in March 1986, the five-year period for all the BES investors in that company would not be until the end of March 1991.

Johnson Fry asked investors if they wanted (a) cash in April 1991; or (b) Hotel Apartments to bid for an existing profitable company; or (c) for the directors to take advantage of another hotel/leisure deal, even if it meant that the "exit route" for investors might be delayed perhaps a year or more after March 1991. I voted for the cash return and hope other investors did too. Again, the return on my investment will be disappointing.

Much better has been my investment in a BES company that was taken over – even though the takeover meant that I lost tax relief on my investment.

In 1986 I made an investment in a BES fund run by Audley Fund Management. That firm put some of my money in a company called Vectamint (renamed Wadham Film) – an investment I retain – and £500 in Hendring, a company that sold and distributed music videos.

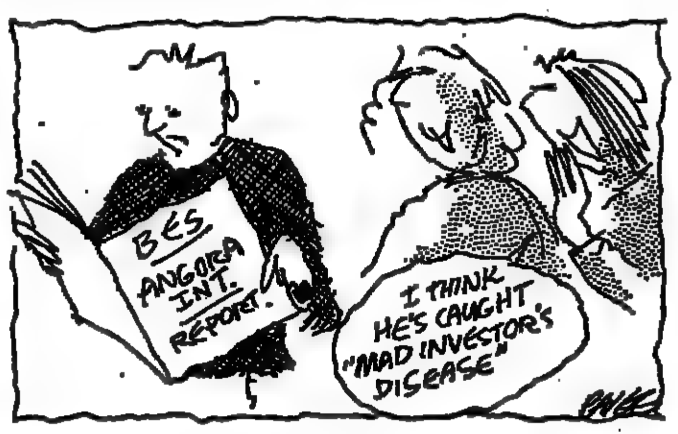
In 1987 Hendring was taken over by Castle Communications with the takeover terms providing shares in Castle plus loan notes that could be converted into Castle shares at a rate determined by Hendring's financial results over a three-year period ending in 1989.

This month I sold the last of my remaining Castle shares, bringing the total achieved from my £500 investment to over £1,300.

I still retain some BES interests and have high hopes for my 1987 investment in Perry Publications, the publishers of the successful Business Traveller magazine which used the BES funds to launch a US edition of their publication.

Thus, overall, I suppose my BES investments are showing a profit. But it is still a rather disappointing profit – even allowing for tax relief – and I suspect that many people have experienced similar returns, which perhaps explains why many BES issues on offer earlier this year failed to achieve their minimum subscription levels as investors became more cautious. With the improved attractions of personal equity plans, much lower taxes on the higher paid than in the early 1980s, and the high costs of launching a BES company, the days of the BES would seem to be numbered.

Kevin Goldstein-Jackson



INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
High interest cheque	5.00	5.10	4.08	monthly	1	under 5,000	0-7
High interest cheque	9.20	9.60	7.68	monthly	1	5,000-9,999	0
High interest cheque	9.40	9.80	7.84	monthly	1	10,000-24,999	0
High interest cheque	9.60	10.00	8.00	monthly	1	25,000-49,999	0
High interest cheque	10.20	10.70	8.56	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	7.00	7.12	5.70	half-yearly	1	1-250,000	0
High interest access	9.00	9.00	7.20	yearly	1	500	0
High interest access	9.75	9.75	7.80	yearly	1	2,000	0
High interest access	10.25	10.25	8.20	yearly	1	5,000	0
High interest access	10.50	10.50	8.40	yearly	1	10,000	0
90-day	10.25	10.51	8.41	half yearly	1	500-9,999	90
90-day	11.00	11.30	9.05	half yearly	1	10,000-24,999	90
90-day	11.50	11.83	9.46	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	12.75	9.56	7.65	yearly	2	5-25,000	1 mth
Income bonds	13.50	10.12	8.10	monthly	2	2,000-25,000	3 mths
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.	3 mths
34th issue‡	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	10.82	11.37	9.10	monthly	1	2,500	0
Provincial Bank	11.02	11.59	9.27	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
8pc Treasury 1991	13.47	11.36	10.09	half yearly	4	-	0
8pc Treasury 1992	13.14	11.08	9.76	half yearly	4	-	0
10.25pc Exchequer 1995	12.20	9.51	7.90	half yearly	4	-	0
8.5pc Treasury 1994	12.52	10.22	8.86	half yearly	4	-	0
3pc Treasury 1992	10.62	9.80	9.30	half yearly	4	-	0
Index-linked 2pc1992§§	13.96	11.50	11.10	half yearly	2/4	-	0

*Lloyds Bank. †Halifax 90-day; immediate access for balances over £5,000.‡ Special facility for extra £10,000 §Source:Phillips and Drew. §§Assumes 6.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Tax break for young savers

PARENTS will be able to put more money into their children's savings accounts, without paying extra tax, from next April.

Under existing legislation, a child's income, derived from capital provided by parents, is added to the parent's income for taxation purposes if it exceeds a paltry £5 a year. But from next April, under a new clause added to the Finance Bill, this limit will be raised from £5 to £100 of income. At current interest rates, of between 10 and 14 per cent gross on small savings, parents would be able to give between £700 and £1,000 to a son or daughter before incurring an extra tax liability.

The idea is to allow children to benefit more from the proposed abolition of composite rate tax (CRT) next April which will allow non-taxpayers to be paid interest gross, without tax being automatically deducted at source as is the case with CRT.

In fact the abolition of CRT was not included in the original Finance Bill, possibly because it was only introduced into the Budget speech at a late stage. The Government has tabled an extra clause and schedule to the Finance Bill for approval by Parliament.

John Edwards

Skipton's 12.75 per cent bond

A VARIABLE interest rate of 12.75 per cent net for standard rate taxpayers (17 per cent gross equivalent) on deposits of £5,000 or more is being offered by Skipton Building Society under its Excellency Bond launched this week.

The Society says that the bond, which matures on March 31 1992, allows access to your money. But there is a catch. While it is true that after the first month you can withdraw any amount immediately, this is subject to 80 days loss of interest even if you give advance notice of the withdrawal. Only after March 1992 will you have instance access, without paying an interest penalty.

Although the rate is variable, the society guarantees that the net rate on the Excellency Bond will always be at least 5 per cent higher than its paid-up share rate until April 1991 and 6 per cent after that until March 1992.

Meanwhile the Bank of Scotland is giving an advanced bonus on its planned Tessa (tax exempt special savings account) to be introduced next January. If you register for the new account by July 31 then you will be receive a 1 per cent bonus on the Tessa account all next year.

J E

The Week Ahead

British Gas dividend awaited

BRITISH GAS, hailed as one of the most successful candidates in the Government's privatisation programme, will release its full year profits on Thursday.

Analysts suspect, however, that the underlying performance of the company's core supply business will have been unimpressive. The main growth will have come from British Gas's exploration and production businesses which are expected to have recorded a lively contribution.

In total, British Gas's net income on a historic cost basis may rise from £899m to £930m. But followers will have eager eyes for the dividend as the company has stated that it is aiming to increase the pay-out ratio.

Thorn EMI is expected to announce pre-tax profits of £318m when it declares its full year results next Thursday. That would be a 10 per cent advance on the previous year's £289m. The 1989/90 figures have, however, lost much of their relevance after Thorn's announcement last Thursday that it had agreed to sell its lighting business to GTE of the US. Thorn had previously described lighting as one of its core businesses, along with electronics and white goods rental and music. Thorn's lighting interests are expected to fetch about £300m. The market will be waiting to hear what the group intends to do with the proceeds. Acquisitions are thought likely.

Dunhill Holdings, the luxury consumer products group in which Rothmans holds a 55 per cent stake, looks set to unveil pre-tax profits of around £60m on Wednesday.

The group, which sells such fashion items as Dunhill clothing, lighters and watches, Chloé perfume, and Mont Blanc pens, is not expected to have suffered much, if at all, from the current recessionary rumblings; Dunhill's customers, who are prepared to dish out £300 on a pen, are unlikely to notice anything so trifling.

Only 20 per cent of the company's sales come from the UK anyway although Dunhill will benefit from the prevailing high interest rate climate at the moment as it sits on its cash pile of around £100m.

When Storehouse reports its figures for the year to March 31 on Thursday many eyes will be focused on the level of the BhS, Habitat and Mothercare retail group's final dividend payment. Some analysts anticipate a significant reduction from the prior year's 6.3p. The interim payment was maintained at 2.5p. Profits before exceptional charges and property gains are forecast to come in at between £20m and £26m. Estimates of the scale of exceptionals ranges widely between £15m and £30m.

Westland Group, best known for its politically controversial helicopters, will announce half-year results on Tuesday. Analysts believe that pre-tax profits will be in the area of about £10m to £11m as it continues to recover from a a well-publicised order gap, though they warn that profits are erratic because of the timing of deliveries for large items such as helicopters. They also expect to see the results of cost-cutting as the company puts its house in order. Pre-tax profits for the same period last year were £8m.

The unprofitable Indian Sea King contract is now nearly complete, and followers of the company believe deliveries of helicopters should now be profitable. The company's efforts to diversify from the defence sector should mean that the proportion of profits from its technologies and aerospace divisions should continue to increase.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Babcock International	Thursday	[illegible]	[illegible]	[illegible]
Brewmaker	Tuesday	[illegible]	[illegible]	[illegible]
British Gas	Thursday	[illegible]	[illegible]	[illegible]
Brown Shipley Holdings	Thursday	[illegible]	[illegible]	[illegible]
Centreway Trust	Tuesday	[illegible]	[illegible]	[illegible]
City of London PR Group	Tuesday	[illegible]	[illegible]	[illegible]
Dunhill Holdings	Wednesday	[illegible]	[illegible]	[illegible]
Estates & Agency Holdings	Thursday	[illegible]	[illegible]	[illegible]
Hartwell	Wednesday	[illegible]	[illegible]	[illegible]
Henderson Administration Grp.	Friday	[illegible]	[illegible]	[illegible]
Macdonald Martin Distilleries	Thursday	[illegible]	[illegible]	[illegible]
Mercury Asset Management	Wednesday	[illegible]	[illegible]	[illegible]
Plysu	Wednesday	[illegible]	[illegible]	[illegible]
Ritz Design Group	Tuesday	[illegible]	[illegible]	[illegible]
Rolfe and Nolan Computer	Tuesday	[illegible]	[illegible]	[illegible]
Siebe	Wednesday	[illegible]	[illegible]	[illegible]
[illegible]	Tuesday	[illegible]	[illegible]	[illegible]
Storehouse	Thursday	[illegible]	[illegible]	[illegible]
TDS Circuits	Friday	[illegible]	[illegible]	[illegible]
Thorn EMI	Thursday	[illegible]	[illegible]	[illegible]
TR Property Investment Trust	Friday	[illegible]	[illegible]	[illegible]
Warburg SG Group	Wednesday	[illegible]	[illegible]	[illegible]
INTERIM DIVIDENDS				
Brooke Tool Engineering	Friday	[illegible]	[illegible]	[illegible]
Caspen Oil	Wednesday	[illegible]	[illegible]	[illegible]
Doctus	Thursday	[illegible]	[illegible]	[illegible]
Eurocopy	Wednesday	[illegible]	[illegible]	[illegible]
M&G Group	Thursday	[illegible]	[illegible]	[illegible]
North American Gas Invest Tst.	Tuesday	[illegible]	[illegible]	[illegible]
Sidlaw Group	Thursday	[illegible]	[illegible]	[illegible]
Sleepy Kids	Thursday	[illegible]	[illegible]	[illegible]
Speyhawk	Wednesday	[illegible]	[illegible]	[illegible]
Strategem Group	Thursday	[illegible]	[illegible]	[illegible]
Svenska Cellulosa	Tuesday	[illegible]	[illegible]	[illegible]
TSB Channel Islands	Thursday	[illegible]	[illegible]	[illegible]
Tunstall Group	Tuesday	[illegible]	[illegible]	[illegible]
Westland Group	Tuesday	[illegible]	[illegible]	[illegible]
Young H Holdings	Wednesday	[illegible]	[illegible]	[illegible]

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.‡ Dividend payments on 'A' ordinary shares.● Figures quoted in Swedish krona.† 3rd quarter figures.

FINANCE & THE FAMILY

John Edwards on the tax inspectors' view on the treatment of joint holding of married couples

Independent taxation: the Revenue rules

THE INTRODUCTION of independent taxation for married couples has caused considerable confusion, especially regarding joint holdings. Over the past year the Briefcase postbag has been overflowing with letters seeking clarification on this subject. Our tax adviser has consistently advised readers to take a cautious line in order to avoid falling foul of Revenue regulations.

Now the Inland Revenue has cleared the air by deciding to make its views known in response to a query published in the Briefcase column in the April 21 issue of Weekend FT under the heading of "Spouses' holdings." The following letter was received from David Richardson, the Inland Revenue chief press officer at Somerset House in London:

"We take a different view of the position from that given in the answer given to the Q and A Briefcase enquiry in your April 21 issue regarding shares held jointly by a husband and wife and the effects of independent taxation. Since it is a more relaxed view, you might like to let your readers know.

"A married couple in the situation described need do nothing to ensure that income and capital gains arising from shares held in their joint names will be taxed on them in equal shares. That will happen anyway under the provisions on jointly held property in sections 282A-B, Income and Corporation Taxes Act 1988 (inserted by section 34, Finance Act 1988). Those provisions apply to any property held in the joint names of a husband and wife; there is no requirement to establish who contributed the funds in the past.

"Straightforward gifts between husbands and wives made by putting funds into an account in joint beneficial ownership, or conversion of property from sole into joint ownership, will be treated as outright gifts and will, therefore, not be caught by the settlements legislation (which requires income from certain gifts to be taxed on the donor). The fact that the funds might return to the donor, as a result of the normal rules for the treatment of such funds in the death of a joint tenant, does not prevent the gift from being outright. The important point is that in these circumstances the funds do not accrue to the survivor as a condition of the gift.

"The reply also suggested that if a husband transfers assets to his wife, she should not under any circumstances credit income from those assets to an account to which he has access. If a gift is outright the recipient is entirely free to do as he or she likes with the assets and the income. A gift will not fail to be treated as outright simply because the recipient might voluntarily decide to use the assets or the income in a way which benefited the donor – for example by putting them into joint ownership or by putting the income into a joint account.

"The position would, of course, be different if the gift had been made subject to a condition – for example, that the assets or the income had to be kept in joint ownership or an understanding that it would be returned to the donor in the event of separation or divorce."

Our Briefcase tax adviser comments:

"It is good to have a public statement from the Inland Revenue that tax inspectors will not be enforcing the 1989 anti-avoidance legislation to its full extent. Up till now the Revenue's policy has only been set out in the booklet IR83 (1990)-Independent Taxation: a guide for tax practitioners. As the title suggests this guide has not been made readily available to ordinary taxpayers, most of whom cannot afford the services of a tax practitioner.

"Like the comments in the IR83 guide, the Revenue's letter leaves a number of questions open. So, as stated in the Briefcase reply in the March 24 Weekend FT under the heading of "Separate Accounts," the only safe advice is that spouses should keep their financial affairs totally separate if tax avoidance is a paramount consideration.

"While many people will take comfort from the welcome letter from the Revenue, it is to be hoped that what the letter says (and what is said in the IR83 booklet) will soon be formally set out in an extrastatutory concession as a supplement to booklet IRI (1988).

"A statement of practice would be of little use to ordinary taxpayers because statements of practice are not available in booklet form from local tax offices, unlike extrastatutory concessions."

"Meanwhile there has been some confusion about another reply in the April 21 issue of Briefcase entitled "BES and tax relief." In my reply I stated that if a husband, who applied for BES relief at the top rate of 40 per cent, subsequently transferred the shares to his wife paying 25 per cent, this would prejudice his original tax relief.

"In fact a husband can transfer BES investments to his wife without losing his tax relief, providing of course the investment was made less than five years ago. Nevertheless a scheme to avoid tax (income or capital gains or both) by consistently transferring BES shares to one's wife is vulnerable to attack by the Revenue under the Furniss vs Dawson ruling."

Spouses' holdings

I HAVE ALL my investments in shares jointly with my wife. Would the Inland Revenue accept splitting our dividend income and capital gains into equal shares without actually transferring half the portfolio into single name? I would prefer to keep all our holdings in joint names for convenience in case of my death.

If I have to transfer all holdings, will I have to transfer half the number of shares of each company in my wife's single name and the remaining number in my name. I have holdings in about 100 companies and hence would I have to fill in 200 transfer forms?

■ As you refer to the joint shareholdings as "my" investments, we take it that you mean that you paid for them all. That being so, the fact that they would automatically revert to your sole name if you were to outlive your wife means that the income will be deemed to be entirely yours for 1990-91 onwards, because the anti-avoidance legislation introduced last year catches gifts from husband to wife if (inter alia) the capital "may become, in any circumstances whatsoever, payable to or applicable for the benefit of the donor".

You could restrict the number of transfer forms to 50 by transferring half the joint holdings to your wife and leaving the others in joint names undisturbed. Provided that your wife had her dividends etc credited to an account to which you have no access, the result would be that her dividends etc. would be deemed to be entirely her income.

Gift to daughter

I LIVE IN France but will shortly be putting my daughter through university in England and am looking for ways to ease the fees burden. I own the freehold of two small shops in London which are each let out at a yearly rent. If I were to make a gift to my daughter of an intermediate lease of one of these shops for a three or four year period, subject to the existing lease, she would then be entitled to receive the rent. But would she be able to set her personal allowance against this income? If I made a gift of the other shop, albeit for a longer period, to my wife, would she too be able to mop up her personal allowance in this way?

■ Your scheme would be frustrated by the network of anti-avoidance legislation passed last year, in sections 108 and 109 of the Finance Act 1989. Possibly you would be prepared to give one of the properties to your wife outright. Assuming that she is entitled to a personal allowance for 1990-91 onwards and that the rent would be paid into an account in her name to which you have no access, she would be able to set her personal allowance against the assessable income.

Subject to the inheritance tax risk, you might be prepared to give your daughter an interest in the other property as tennant in common (as distinct from joint tenancy). This should enable the income due to her to be treated as hers for UK tax purposes, assuming again that it would be paid into an account to which you have no access.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Takeover puzzle

THE COMPANY I work for was taken over before the qualifying time on either my executive share options or my SAYE share options when I could have sold some and claimed capital gains tax relief. The company that took over does not issue shares so I could not exchange my options for theirs and had no choice other than to sell my options to the incoming company.

Will the whole of this gain be taxed as earnings, or will the Inland Revenue make any allowance for the fact that I had no choice other than to sell and let me offset some of the gain against capital gains tax?

■ The gain will be taxed as income, under section 135 of the Income and Corporation Taxes Act 1988.

Losses on options

IN 1988 I sold the main asset of my company, which is now classed as an investment company for purposes of taxation. Most of the proceeds have been deposited in the money market pending reinvestment in a qualifying asset for rollover relief. However, I have also suffered some losses dealing in the traded options market unsuccessfully. My accountant informs me that losses incurred in this way cannot be offset against interest earned. As the sums involved are substantial, can you confirm this?

■ When you say "I sold" and "I have also invested", we take it that you mean that it was the company which sold its asset and reinvested the proceeds, not you personally. That being so, the interest will be chargeable to corporation tax under case III of schedule D. Your accountant is doubtless correct in considering that the company's transactions in the traded option market do not constitute trading; that being so, the indexed losses have to be calculated in accordance with the rules of capital gains tax (which are quite different from the rules of case I of schedule D) and are only deductible from chargeable gains, in accordance with section 345 of the Income and Corporations Taxes Act 1988.

CGT bill on let house

WHAT IS the position regarding relief from capital gains tax on disposal of a sole residence which has been occupied by the owner for some years but is then let for some time? Does it affect the issue if the owner is moving to a different location because of work, living in rented accommodation there?

■ The answer to the first question is that the gain will be wholly exempt if the house is sold (contract day is what counts, not completion day) not later than the second anniversary of the day on which the owner moved out.

Even if the sale takes place later the gain may still be wholly exempt, but this depends on the arbitary formula based upon the number of days on which it was let between the day on which the owner moved out and the day two years before the sale contract, among other things. Solicitors who undertake domestic conveyancing work can advise on the tax aspects, of course, including the question of main-residence notices (under section 101(5)(a) of the Capital Gains Tax Act 1979)

As a first step ask your tax inspector for the free pamphlet for owner-occupiers, CGT4.

The answer to your second question is no, broadly speaking.

Expatriates

Health tonic for overseas over-60s

A TAX loophole which will benefit many retired British expatriates has been devised by BUPA, the UK's largest health care and medical insurance group.

The benefit is a by-product of the introduction of tax relief on private medical insurance in the UK for people aged 60 and over. A retired expatriate who qualifies could save more than £75 a year.

Tax relief for UK-based over-60s taking out private health cover was announced by Nigel Lawson in what turned out to be his final Budget in 1989. The idea was to encourage the take-up of medical insurance by older people so as to reduce pressure on the National Health Service. The relief was introduced from April 6.

Penny Miller, BUPA's international sales and marketing manager, says it is impossible to quantify how many expatriates will benefit, but points out that 60 per cent of the 1m Britons estimated to be living in Spain, Portugal and the South of France are over 60 and many of these retain a tax link with the UK.

The Inland Revenue has confirmed that to qualify for the new tax relief, BUPA expatriate policyholders in their 60s or above must be resident in the UK for tax purposes.

There are three possibilities here, all of which coincide with the Revenue's usual criteria for determining UK residence:

■ You must be physically present in the UK for six months or more of any tax year – six months being defined as 183 days irrespective of whether the year is a leap year.

■ Alternatively you may be in the position of making regular visits to the UK for periods of an average of at least three months a year over a period of years.

■ The third possibility is that you may have accommodation available for your use when visiting the UK, even for a very short period. The accommodation must actually be available to you, although you don't have to own it. Conversely, it is not sufficient to own a house in the UK which is let out on a long lease.

According to Penny Miller, the Revenue was initially unenthusiastic about the idea of tax relief for expatriates, but came round to BUPA's way of thinking on the strength of two arguments which neatly support the aim of reducing NHS pressure.

The first argument can be illustrated by an example. Suppose that a 62-year-old British expatriate on the Costa del Sol takes out medical cover with a Spanish insurer and then returns to live in the UK at the age of 73, perhaps after the death of his or her spouse. In this situation the 73-year-old person would be eligible to take out private medical cover with BUPA in the UK, but any pre-existing medical conditions would be excluded. Such conditions are clearly more likely at 73 than at 62 and the insured person would have to rely on NHS treatment.

The clinching argument, according to Penny Miller, was that more than 50 per cent of insured claims under BUPA's International Senior Lifeline Policy are made in the UK, even though policyholders live abroad. So any encouragement to go private will have the effect of reducing treatment sought through the NHS.

The actual difference resulting from tax relief can be seen in that the normal annual premium for an expatriate aged between 65 and 69 taking out a BUPA International Senior Lifeline policy is £612. With tax relief the figure is reduced to £535.50.

Basic rate tax relief is available at source, just like the MIRAS system for mortgage repayments. Application has to be made to the policyholder's tax office for higher rate relief. Tax relief is available to the person paying the premiums. Usually this will be the policyholder but it may be, say, a UK-based son or daughter.

BUPA claims it is the only medical insurer to have modified its health care plan to a structure which the Inland Revenue can approve for tax relief. PPP, its big rival, appears to have been taken by surprise at the move but will doubtless be under pressure from its own over 60s expatriates to negotiate a similar deal.

■ This week Mondial Assistance, the French-owned travel assistance company, launched a medical plan for UK and overseas employees of multi-national companies. Cover, including on-the-spot payment of medical bills, has been designed for employees seconded abroad or those whose work within the UK means long periods spent away from home.

Peter Gartland

Peter Gartland is Editor of The International, the FT's magazine for expatriates.

Pacific Basin trust plugs a gap

PRUDENTIAL HOLBORN is finally taking the plunge and launching a unit trust investing in the Pacific Basin markets, excluding Japan. According to Alan Wren, chief executive of Prudential Holborn, the fund – to be launched next Tuesday – will fill a wide gap in the group's range of unit trusts. It has been planned for some time, but was delayed twice; once by the uncertainty created by the Tainanmen Square protest, and then by the "Grey Monday" stock market collapse last October.

However, he considers the time is now ripe to plug the gap. The fund will be sold primarily through intermediaries since it has a higher risk profile and investors will need advice on when to sell as well as buy: a service not properly provided by the group's direct salesforce.

The initial portfolio is certainly bold. It will consist of 40 per cent in the Hong Kong market; 15 per cent in Australia and Malaysia, 10 per cent in Singapore; 5 per cent in New Zealand and Thailand. About 10 per cent will be held in cash waiting for the "little dragon" markets such as Korea, Indonesia and Taiwan to come back to more realistic values.

Wren is not worried about the 1997 threat to the Hong Kong market. He says that on economic grounds it is one of the cheapest markets in the world and is being held back by political factors. He also argues that Australia is not the "bombed out" market that many people think. The publicity given to the problems of a few major companies like the Bond Corporation had overshadowed the improving political and economic climate, he says.

Wren admits that the charges, with an initial front load of 6 per cent and an annual management fee of 1.5 per cent, are at the top end of the range. But he claims that the bid/ offer spread (the difference between the buying and selling prices) is kept to a minimum, and that the discounts offered in the fixed price offer launch period from May 29 to June 15 are generous.

A 1 per cent bonus allocation of units is given for investments between £1,000 (the minimum) and £2,499 and 2 per cent bonus for investments over £2,500. There is also a switching discount of 4.5 per cent available for existing investors in the group's unit trusts. Details can be obtained from Freefone 0800-010345.

After performing well initially, most of the Holborn funds have not been exactly world beaters recently; in fact several have been disappointing. Wren puts this down to the fact that the group's fund managers were used to dealing with life and pension funds, where there is a constant inflow of money to ensure the portfolio is actively managed, while the unit trust industry had been hit by a lack of new money coming in. The group now has a new investment director, Hugh Jenkins, who has moved from Allied Dunbar. It has set an initial target of between £20m and £25m for the fund managers of the new Pacific Basin Trust.

John Edwards

MINDING YOUR OWN BUSINESS

FOR AS long as I can remember, bank customers have complained that interest rates are too high. I imagine that the Treasury feels at least equally unloved on the subject of tax rates. Mind you I have never shared the views that, (1) people would be "content" with income tax if rates were lower, and (2) that lower rates would make people "work harder."

There is much evidence to the contrary and I have personally heard staff say, "Good, the standard rate of income tax has come down and so I need work less overtime for the same take-home pay."

Much has been written in the last few weeks on the subject of business failures, particularly in the small business sector. There is no doubt that high interest rates have played an important part in this, both indirectly and directly.

By "indirectly" I mean the effect that high mortgage rates in particular are having on consumer expenditure. It has become a national occupation to take out as high a mortgage as one can afford in the safe knowledge that if you can get through the first year or so's repayments then all will be well.

Unfortunately, as an ever higher proportion of consumer expenditure goes to meeting mortgage payments, increases in the rates such as we have seen over the last couple of years mean that repayments must be made at the cost of something else. That "something else" is not savings but expenditure – on holidays, furniture, even in some cases, essentials. That in turn affects the business world – indeed, it is intended so to do in order to bring down inflation.

Roger Bardell on what businesses must do to keep afloat in the current economic climate

How to live with high interest rates

We all know that houses are not selling (although manufacturers of "For Sale" boards must be enjoying good business), and we may have read of the impact on related businesses like home furnishings but, ultimately, very many small businesses must also suffer.

As well as the effect of the economic downturn on their customers and sales, businesses have to face the higher interest rates themselves. Again this takes a direct form and an indirect one. The direct impact is on their own borrowing. The small business lobby groups have made a case for differential rates for their members as happens in some other countries.

We must get this direct effect of interest rates into perspective. Even in recent months, surveys of the major concerns of businesses have shown interest rates quite low down the list: lack of trained staff appeared at the top of one survey at the end of 1989, even though a 15 per cent base rate has been with us since last October.

The second indirect effect of high interest rates on small businesses stems from the difficulties which they can face in collecting money owed and the impact which this has on their own working capital. It can create a vicious circle.

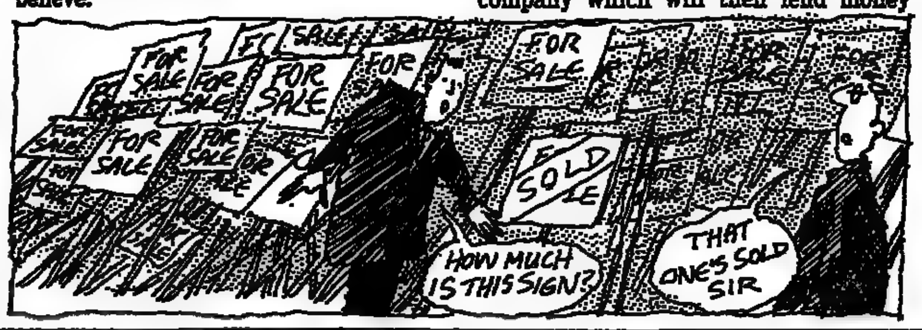
Many small businesses have a few large customers on whom they depend. These customers may have greater financial sophistication – they will certainly have more "muscle" – and they will be keen to keep their own expenses down. As a result they may well delay making payments to keep their own interest costs to a minimum.

There has been much debate on the possibility of introducing an automatic interest charge if debts fall overdue. In reality small businesses would probably be reluctant to enforce this for fear of upsetting major customers (just as they are already reluctant to chase money owed in too rigorous a manner). Organisations such as the National Federation of Self-Employed and the Association of British Chambers of Commerce recognise that legislation would not be the panacea in which some believe.

What, then, can a small business do to help cash flow at a time when its own survival may be causing concern and the economic situation means that competition for those large contracts is becoming tougher?

There are a few things which must be worth trying. Frequently discounts are offered for early payment. I would advise caution in granting them and perhaps greater responsiveness to accepting them. For example, a 5 per cent discount for paying a month earlier is equivalent to an annual interest rate of some 60 per cent and is better to receive than to pay.

Factoring is a business service which can help. This, basically, takes the form of selling business invoices to a factoring company which will then lend money against them and also collect the proceeds on your behalf. The proportion which they will lend is generally higher than can be obtained from clearing banks on this basis (up to 80 per cent or more), for the simple reason that they have some control over the debtors. The bad news is that such services attract interest on the funds borrowed and a fee for handling the sales ledger.



Neither factoring nor debtor insurance are suitable for businesses with large numbers of personal debtors. Generally, such enterprises have their own efficient collection departments, but it might be worth considering using the services of a debt collection agency.

Many of these belie the popular image of Hale and Pace and operate to high ethical standards. Solicitors, for example, sometimes have their own specialist offshoots and, whilst one does not necessarily believe the "my collectors are all ex-nuns" school of hype, many highly respectable organisations use debt collectors for all or part of their consumer debtor portfolios.

Credit control, then, is even more vital than in the past, particularly bearing in mind that, on average, 40 per cent of working capital consists of money owed.

Before granting credit to new customers (or in larger amounts to existing ones) it is always worth obtaining trade references, therefore, either through a bank or though one of the reference agencies like Dun Bradstreet.

The recent Budget has given some assistance in the form of VAT relief on debts more than two years old and written off. Previously it was only if the debtor had gone into liquidation that such relief was available and, of course, some organisations have managed to play off creditors against one another for years before being wound up. High interest rates and recalcitrant debtors are closely linked at times like these, the common thread being that both are painful.

Certain other business decisions need to be made in order to keep the cash flowing, of which some of the most difficult are keeping stocks to a minimum, whether to lease or buy a vehicle, and whether to rent or purchase premises. Indeed it is said that the best thing a business can have on its balance sheet is its own property.

However, it is also said that the worst thing a business can have on its balance sheet is its own property because of the funds which it absorbs!

A common misconception is that business plans are constructed to persuade bank managers to lend money. And that they can then be filed or shredded according to one's temperament. The truth is, of course, that they should be working documents, regularly reviewed and used to monitor progress.

Without doing that business success must be purely incidental – a bit like presenting an examination paper consisting solely of a photocopy of the syllabus.

■ *Roger Bardell is head of Lloyds Bank Small Business Services.*

Trevor Humphries

Planning perceptions: from left, Nigel Moor, Robert Langton, and Christine Moor

Roy Hodson reports on a consultancy that puts environmental matters at the fore

A guide through the green maze

THE GREEN Party has yet to prove itself a permanent force in British national politics. But in matters of local planning and development, negotiators are learning the hard way that they neglect the green element at their peril. Developers are realising that it is foolhardy, and usually fruitless, to rush in with planning applications without first preparing local public opinion by way of information, explanation, and persuasion.

All of which a former property journalist Robert Langton appreciated two years ago when he was looking for ways of providing new specialist services for the property sector.

Langton, and a schooldays friend Nigel Moor, a planning consultant, who are both aged 47, have started a consultancy called Nigel Moor and Associates Marketing in the Thames town of Wallingford. The third member of the team is Nigel's wife Christine, a sociologist.

The business's mission statement, put very simply, is to save developers from tripping over their own feet.

There was a time when briefing councillors and officials about a proposed scheme was considered by developers to be sufficient "exposure." In most towns and country districts those comfortable days have long since gone. Instead there is a vigilant population suspicious of plans that could alter local life.

The £10,000 bank overdraft facility Moor and Langton arranged in 1988 to start the business (as equal shareholders) remains untouched. Their services have been in demand from Day One and they have turned over £100,000 in fee income in their first full trading year.

Last March was their best month for business since they started. That may be at least partly due to the fact that developers are finding the going tougher in the present economic climate, and are recognising that they need all the help they can get.

Waterfenton is a new town proposal by the Erostin Group, competing with others to satisfy Cambridgeshire's growing pains. The new town, if built, will cost more than £100m and its 3,000 houses will be home to 10,000 people.

Langton and Moor swung into action to publicise the scheme in detail before it went to a public inquiry in Ely which lasted three months.

They arranged community group meetings, produced a newsletter, and took a mobile caravan exhibition round villages in the area so that people could study the plans of the proposal and discuss the issues.

Each of the three competing developers to build a new Cambridgeshire town was spending in the region of £500,000 to get its proposals to the public inquiry stage. Langton claims his client's special lobbying costs were insignificant in relation to that scale of outlay.

Moor and Langton worked full-time presenting the issues as clearly as possible to local press, radio, and television. A 34-page broadsheet brochure in colour was produced.

And in Amersham, Buckinghamshire, they used a public exhibition and a specially-written newsletter to win support for new housing on an old builder's yard. By the time the public inquiry started they believed they had gained the support of many residents for the scheme.

They charge clients by the hour and Langton tells developers, "You can get a lot of goodwill for under £10,000 by simply telling people what your scheme is all about."

He says: "The essential thing is to get in early before rumours have spread with all sorts of distorted ideas of what the developer wants to do. But developers are also learning the hard way that because green issues now loom so important in the public mind you cannot ride roughshod over the planning system any more. Pressure groups will not go away. It is necessary to gain their support for any good scheme."

In other localities Moor and Langton are now trying to convince residents that it would be in their interests to support golf courses and a tennis centre.

An important element of the developing business, says Langton, is proving to be the detailed feedback from local people that he provides for his clients. He says, "When the developers listen, and try to satisfy local criticism by modifying their plans – then we know we are on the route to success."

■ *Nigel Moor and Associates Marketing, Stone Hall, High Street, Wallingford, Oxfordshire, OX10 0DB (tel: 0491 33321).*

LEGAL NOTICES

No. [illegible] of 1990

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF BRIDPORT-GUNDRY plc
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 30th April 1990 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the share capital of the above named Company from [illegible] to [illegible].

AND NOTICE is further given that the said Petition is directed to be heard before the Honourable Mr Justice Vinelott at the Royal Courts of Justice, Strand, London WC2A 2LL, on Monday the 11th day of June 1990.

ANY creditor or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of share capital should appear at the time of hearing or by Counsel for that purpose.

A copy of the said Petition will be furnished to any person requiring the same by the undermentioned Solicitors on payment of the Regulated Charge for the same.

Dated this 17th May 1990

Clifford Chance
Royex House
Aldermanbury Square
London EC2V 7LD

Ref: [illegible]

Solicitors of the Company

[illegible]

PURSUANT TO THE TRUSTEE ACT 1925

Notice is hereby given that any person having a claim against or an interest in the Estate of William Herbert Bishop deceased late of 35 Pembroke Gardens, London W8, who died on the 4th day of July 1989, and whose will was proved at the Principal Registry on the 3rd day of May 1990, by Ian William Burlingham the Executor named in the said Will is hereby required to send particulars in writing of his claim or interest to the undersigned, the Solicitors for the said Executor on or before the 24th day of August 1990, after which date the Executor will proceed to distribute the assets of the said Deceased amongst the persons entitled thereto having regard only to the claims and interests of which he shall then have had notice.

Dated this 22nd day of May 1990.

The Simkins Partnership,
45-51 Whitfield Street, London W1P 5RJ

Solicitors for the said Executor

PERSPECTIVES

Rivers of the East

Cold feet in the land of the rising San

THE FIRST angling discovery of any significance that I made in southern Poland was that my waders leaked.

As the waters of the Dunajec River, icy with melted snow from the Tatra Mountains, numbed my lower regions, I cursed the folly of embarking on a summer-long fishing odyssey with essential equipment rotten beyond hope of repair.

I thought I had left England pretty well prepared for fishing and other eventualities in the countries of Eastern Europe. Much, I now realised, could have been left behind – the emergency camping gear, the case of medical supplies, and the two boxes of books. But my waders, in which I am destined to stand for hours in freezing mountain streams, I never bothered to check.

In my defence, I should say that I am not used to planning extended adventures in foreign climes. Journeying through distant lands, where such fishing tackle shops as there are deal with an inquiry about chest waders with an incomprehending shrug, is a dramatic deviation from my familiar fishing path.

Nor has the attraction of the idea which burst on me one dark February evening – to wander the streams of these now accessible countries, casting a fly on the waters and an eye on the people – been tarnished by my cold-legged fortnight in Poland.

True I have not yet caught a fish of a size to cause a murmur on the Test or Kennet. But trout I have caught, in the rushing torrent of the fierce Dunajec River, in the rocky pools of the Upper Vistula and on the San, the chief glory of Poland's fishing rivers. It was reports of the San and its profusion of trout and grayling which had drawn me to Poland.

I could have found no better guide than Jurek Kowalski, a young doctor in the town of Krosno, captain of his country's fly fishing team (the current world champions) and a devotee of the San since boyhood. He knows every fish-holding run and pool. It was no fault of his – rather that of the roasting weather – that our successes were so modest.

The San rises just inside Soviet territory and for many miles marks the border with Poland. Only below two major dams does the best of the fishing begin. There is 20 miles or so of it before coarse fish predominate and it descends towards its distant confluence with the Vistula, acquiring on its way the pollution which poisons almost all Poland's low-level rivers.

The two most striking features of this river are its size and its extraordinary beauty. It is often 100 yards or more wide, with a powerful flow over a sandstone bottom. Without chest waders it cannot be fished. They must be worn, even if – as in my case – they are incapable of dividing leg from water. Trout and grayling are everywhere, while in the deeper holes lurk the monster of the parts, the huchen or

Danube salmon, a sulky creature rarely met by the fly fisherman.

I will not attempt to convey its beauty. Suffice it to say that it runs through the Bieszczady, in Poland's south-east corner, the loveliest tract of country I have seen. It is a landscape of densely wooded hills, meadows brushed with wild flowers broken by rushing streams, dotted with simple wooden farmhouses. This is one of the last refuges of the European bison (in the bad old days Tito was invited to shoot one, while Poland's Prime Minister had to be satisfied with a bear). Wild boar forage here, lynx, deer and wolves abound.

The towns are few, which is as well, for they are dismal. The other eyesores are occasional clusters of holiday homes and concrete rest houses built for privileged employees.

We drove through this friendly, empty land when the sun was too hot to permit fishing. At all other times we fished from 5 am (a complete failure) to dark. I broke my duck on the stretch below one of the turbine stations, taking three deeply spotted golden flanked trout to three-quarters of a pound and losing one bigger fish when – more folly – my hook broke.

On our last evening we fished the town water at Lesko among a dozen dedicated, friendly Polish fishermen. I took trout after trout, all small, to a dry fly before my refrigerated legs forced me ashore.

I have written mostly of the San because it made an uncommonly deep impression on me. But there is good fly fishing to be had on a dozen mountain rivers in southern Poland at a cost – to me as a foreigner – of about £10 a fortnight. I will not pretend that it would be easy to come and fish. Facilities, by way of hotels, restaurants and advice, are hard to come by, not to mention petrol, which has been temporarily almost unobtainable.

But for the brave and foolhardy who dream – as I have always done – of catching trout in distant parts, the rewards may be great. Jurek Kowalski, who may be contacted at Dabrowskiego 8/73, Krosno 38-411, Poland, would be glad to advise. I will return one day. But for the moment I am looking over the Carpathians to Czechoslovakia and the trout streams of Bohemia.

Tom Fort

A front seat on the front line

Alice Thompson gets blown up, shot at and set on fire in the cause of good driving

Alice Thomson at the wheel, prior to a drive into an all-too-real simulation of a mock terrorist attack

Glyn Genin

OUR CAR slipped innocently through the rape fields straight into a terrorist attack. A bullet seared though the air and bounced off the windscreen with a twack. I yanked the steering wheel round, the car swerved and we hurtled straight towards a terrorist, who opened fire with his revolver. "Turn the wheel," my co-driver commanded. I grabbed the handbrake, turned 180 degrees and reversed out rapidly.

Another J-turn and I was back on the road. Relieved, I rounded the corner. Suddenly I was looking straight down the barrel of a gun. A bomb exploded in front of me. I closed my eyes. The car shook and I skidded across the tarmac looking for an opening out. We seemed surrounded but I took a gamble and smashed through the artillery raid, coming to a halt on the other side. Rattled, I slumped over the wheel. The car suddenly leapt in the air: an incendiary device had been placed under the back seat. Smoke began billowing out of the car, I realised I was dead.

My palms were sweating, my legs vibrating, as I got out of the car. "Not too bad for a first attempt. You kept moving, but you'd have killed your passenger," the instructor smiled. I looked at the windscreen, covered in dark red splodges where the bullets had hit, and gulped. I would have been hit straight through the head.

This is just one of the exercises at the Simpson School of Defensive Driving. Three chauffeurs and I were being put through our paces during a gruelling two days of tests to see how we would perform under a terrorist attack.

Gary Dawson is the chief driving instructor and a professional chauffeur and bodyguard. He leads each course with eight other helpers who dress as terrorists and set up the bomb devices. Mostly ex-army, they take great delight in setting off devices all weekend, booby-trapping bedrooms and firing guns at any moving target. But they are very safe and totally professional; the kind of people you would hire if you were on assignment in a dangerous country.

Most VIPs and executives expect their chauffeurs to get them from "A" to "B" efficiently and discreetly. Yet it is not enough merely to have confidence in your driver for his or her professional ability and loyalty. If you come under attack, your chauffeur may be the only person you can rely on. "People tend to forget about the chauffeur, especially if they've got a security team. But when the s*** hits the fan, the chauffeur is the one who can save you," says Gary Dawson.

The time of maximum risk for VIPs is while they are travelling, since 80 per cent of kidnap victims are abducted from their cars. But what if you are an executive with a chauffeur and you feel you are under no danger from terrorist attack? The chauffeur should still know how to drive under pressure.

However, you may also be under more danger than you realise because of the growth in terrorist attacks. Armed robbery and kidnapping no longer belong only to the world of James Bond. Diplomats, politicians and top executives of big organisations are also the most likely targets for attack. But in most cases the victim is chosen because an observed weakness in his security makes him a feasible target.

My weekend began in a hotel near Newark, in Nottinghamshire. The three chauffeurs booked in for the course had ample reason for being there. One was a government car pool chauffeur, used to ferrying cabinet ministers through a heavy day's schedule. Another was the chauffeur of a big property developer, who apparently feared for his life from other business "associates." The third drives someone who could become so important he cannot be named.

The course is competitive and starts with an advanced driving test before anyone is let out to smash up the fleet of Daimlers, Senators and Jaguars. All three chauffeurs passed with ease. Then came the harder part: anti-terrorism practice. We set out for a disused airfield. The rape fields around us, the clear blue sky and hovering birds induced a false sense of calm. "Don't go into the rape, it's more expensive than the grass," the instructor told us. "In fact we'd prefer it if you managed to stick to the runways."

The first manoeuvre was the J-turn, which involved reversing at 70 miles an hour, using your mirrors and then handbraking round 180 degrees and accelerating out. The first chauffeur had a turn while the rest of us seatbelted ourselves into the back seats like dummies in a Volvo advertisement. The instructor managed to maintain a reassuring voice while the chauffeurs careered around, spinning on two wheels. But the smell of scorched rubber and screeching brakes soon induced nausea.

My turn came at last and the other chauffeurs looked more apprehensive than me. I reversed in a very wobbly line at about 40 mph, jammed on the handbrake and skidded violently round and round into the field. The other chauffeurs, one an ex-Northern Ireland squaddie, decided that they had probably had enough and politely excused themselves from the car, clutching their stomachs. The instructor bravely soldiered on but at the fifth attempt even he gave up. I had learnt more about skid control than anything else.

The handbrake turn looked easier to master. One chauffeur had soon completed a very technical "Scandinavian flick" and even I could manage this eventually, although I was the only one to damage the Vauxhall Senator by hitting a solitary tree on the airfield. "Don't worry, we're insured," said the instructor almost biting his tongue in his attempt not to bawl me out.

The next exercise took place at night and involved high-speed defensive driving through country lanes and over hump-back bridges. No-one ate much supper. I was excused the exercise – given my present performance I was somewhat relieved. "What we want to see is if someone works well under pressure and has the nerve to break through a terrorist roadblock. When you're being bombarded with explosions and gunfire you must always think first about keeping your VIP safe," Dawson explained.

However, the course is not all about careering round the countryside trying to write off high-performance cars. Much of it centres on theory. One of the first things the chauffeurs learn is how to check their limousines for bombs. They must know the exact layout of their car and the different types of devices. A bomb the size of a cigarette packet may be hidden under the headrest of a seat. The chauffeurs learn a drill of precautionary measures, such as how to put wedges into the cars so they can immediately tell if their limo has been tampered with.

Every terrorist method is elaborately gone through, from letter bombs to Semtex lunch-box bombs. "You don't even have to use Semtex. A firework wired up can do a lot of damage," we were warned. "And ALWAYS check your brakes."

In one exercise a "bomb" is attached to a car and the chauffeurs have to try and discover it without setting it off. Sounds like a great game, but it's much more than that. "Bombs kill efficiently. If a bomb goes off you'll be lucky to get out of the vehicle alive," we were told constantly. While watching one demonstration a mock terrorist attack suddenly occured right in front of us and an instructor was "shot" dead. Asked to describe what had just happened not one of us could locate where the gunfire had come from. "You must be more alert," we were told. Even I felt chastised.

A number of videos and pictures of recent terrorist attacks, blood and gore are shown during the weekend, and induce panic. What had the chauffeurs done wrong, how should they have coped? we are asked. The cases of Italian terrorists and the Kennedy assassinations immediately spring to mind. Even Neil Kinnock's chauffeur having a heart attack is discussed.

"Has anyone ever thought they were being watched?," an instructor asks. Everyone shakes their head. With a triumphant smile, the instructor produces a video of one of the chauffeurs with his client in London. "It is up to the chauffeur to see if he is being watched. You must learn different routes and backtrack if necessary."

During the infrequent intervals the chauffeurs discussed their clients, careful not to disclose too much. They may complain, but their loyalty is unswerving. It is a complex relationship: they both revere and sneer at their clients. "Clients always think they know the quickest route, which is annoying, and the hours are terrible. You really need to buy yourself a tent." But they are professionals. "There's a lot of satisfaction in getting your boss around fast and safely. I've had cars try to run me off the road before. My geezer needs protecting, he's on the financial pages again this morning."

At the end of the course the chauffeurs all get certificates. I got a sweatshirt with "School of Defensive Driving" emblazoned on it, which, with my new skill in handbrake turns should stand me in good stead the next time I'm under attack . . .

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Restoring London's horsey heritage

WAKE UP early enough to take a morning stroll in Hyde Park and you might catch a glimpse of some members of the Royal Family out for a dawn ride through the mist-draped trees.

London's Hyde Park has been an equestrian playground for royalty ever since Henry VIII marked the territory, rich in deer and game, as his own to extend his hunting ground. Next Tuesday the royal park holds a gala evening to celebrate the 300th anniversary of its most distinctive equestrian feature: Rotten Row, the four-and-a-half mile stretch of land that rings this most famous of London parks, carved by William of Orange as a central highway from the manor at Kensington to St James's.

Rotten Row has provided the finest urban riding in the world for the last 200 years, setting fashions in horses and riding kit, reaching peak popularity in the days of the Great Exhibition when more than 4,000 carriages assembled. But the dawn of the motorised vehicle has diminished its popularity and urban development has destroyed all but two of the riding stables once found in every mews in London.

Originally *La Route du Roi* until the Cockneys corrupted it to something easier to pronounce, Rotten Row is now an exercise ground for the 2,500 riders in London, tourists, the occasional royal visitor and the troops of the Household Cavalry who, first quartered at their barracks in Knightsbridge in 1785, now have their movements restricted by the threat of terrorism.

But on Tuesday May 29, Rotten Row will be restored to something of its original glory as it celebrates its tercentenary with a gala evening of equestrian displays. There will be the band of the Household cavalry, parades from the Whitbread shire horses, the side saddle association, and more.

The event's organisers, the Rotten Row Tercentenary Committee, with the Queen as Patron and Lord Westmorland Master of the Horse as President, hope that it will restore a sense of London's horsey heritage which has all but disappeared, bar a few signposts, road names like Horseferry Road and the curious Victorian sign on Albert Bridge which reads "Troops break step." This was to slow the pace of the mounted troops, which at a trot would have set up vibrations endangering the bridge's structure.

"Riding has been a populist activity in Hyde Park since 1689," says Neill Mitchell, chairman of the committee and a Hyde Park rider, "and it is important that we preserve it as part of our heritage."

The committee has set up an appeal fund aiming to raise £200,000 to replace 1,500 cast iron bollards surrounding Rotten Row, cut down during the war for the national salvage campaign. And throughout the year, designated as London's year of the horse, it will be campaigning to reach this sum, with more exhibitions, shows and parades at Hyde Park. (For a programme write enclosing a 9x4½ sae to Neill Mitchell, 40 Emmanuel House, 18 Rochester Row, London, SW1.)

There are also plans to build a new equestrian centre right in the heart of Hyde park to extend its riding facilities. At the moment there are only two riding stables (in Bathurst Mews) using the park, which are generally overbooked and expensive at £15 and £20 each per ride. And it is not practical to bring your own horse to Rotten Row because of parking restrictions. "This is an absurd situation to have," says Mitchell. "We have this wonderful facility and not enough opportunities to use it. It is like having an Olympic swimming pool in the middle of London without the water."

(For more of the history of Rotten Row see *Horse and Carriage, The Pageant of Hyde Park* by J N P Watson, published by the Sportsman's Press, £14.95, available from May 30 to coincide with the tercentenary celebrations.)

Melanie Cable-Alexander

A Victorian view of two riders enjoying a ride on Rotten Row

Looking at the two faces of death

Gay Firth shares her experience of dealing with the material side of bereavement

LIKE JANUS, god of the ancients, death has two faces. Unlike Janus, whose faces looked in opposite directions, both death's faces stare you squarely in the eye when it snatches away someone close.

One is private grief. The other is a public responsibility required by law, complicated by custom: the social and financial difficulties of arranging a funeral. You learn fast, as I did, that there is no substitute for experience. But experience is what you don't have.

The whole business is conducted in an atmosphere of suffocating tastefulness which makes it hard to raise the necessary but embarrassing question – "How much?"

A little of this mystery drained away last week. The National Association of Funeral Directors, whose members make up 80 per cent of Britain's 2,500 undertakers, announced a revised code of practice on lines recommended by the Office of Fair Trading in a critical report on the industry published last year.

When I first became a consumer, the important thing was to make clear what you did *not* want. Otherwise you got the lot: huge coffin with gilt trimmings, embalming; every circumstance of display. My objective was simplicity, and this was hard to get. Now, as a result of the new code, price lists should be prominently displayed and made available to the public. The anxious, the bereaved, the overdrawn at the bank and prudent souls seeking decent value for money should feel able to call in at a local funeral director's premises and collect information without embarrassment.

The OFT investigation found the costs of an average funeral represented a 28 per cent increase over the inflation rate since 1985. Less than a quarter of the 893 people who had arranged a funeral in March 1987, at an average cost of £586, had seen or been given a price list to help them choose a funeral, and 40 per cent had been given no price information at all.

The NAFD's revised code is, *inter alia*, a timely reminder to all of us that undertaking means just that: an undertaking to provide, on request, a professional service at the proper time, much as landscape gardeners will accept a commission to design, order for and plant a shrubbery. As with any such services, we should expect proper invoicing without having to prod.

NAFD members must give written (not merely oral), itemised estimates for all funeral charges and "known disbursements" such as, for example, the cost of removing a body from hospital or home, minister's fees, medical certificate fees in the case of cremations, grave diggers' fees, cars for mourners. And they have agreed to reduce services included in the "basic" funeral, at a cost now estimated at £375 to £400 outside London, to those required only by law. Items like "disbursements," embalming, and "viewing" will be treated as optional extras.

Sir Gordon Borrie, director general of the OFT, regrets that NAFT members are still not obliged to specify, within the "basic" framework, separate charges for removal and care of the body, the cost of a coffin and its fittings, and funeral cars.

However, it is both legal and possible for anyone to make a simple coffin, assemble the right papers (the death certificate and, for a cremation, documents signed by two doctors), put a body into its box and take it to the cemetery. The price of a burial plot varies wildly: between £60 and £620 according to region and depending on whether the chosen grave is in town, city, or countryside, and whether it is bought outright, or leasehold for a stated term.

Coffin costs carry a much more worrying range of options. 1989 prices were, typically, £120 for a model in oak veneer, £505 for solid oak – but a wholesaler's price list showed £29.95 for oak veneer, £148 for solid oak, indicating a funeral director's mark-up of between 240 per cent and 300 per cent to cover overheads and plump out profits. They merit time and thoughtful choice. If you feel you are not up to this, it will help if somebody sensible can stand by – right at your elbow – as you leaf through those tastefully photographed catalogues. "Ma, those big shiny ones with frilly satin linings are *awful*," said my 11-year-old daughter, loudly and bravely, floundering with me in the deep end of arranging her father's funeral.

Caesar had a point

"Sir!"

". . . *et contra muros iactae sunt* . . ."

"Please, sir!"

". . . taking the feminine plural ending – why Bennett? yes, of course, Bennett – to agree with 'spears.'"

"Sir, please sir!"

"Put your hand down, Tyler. I am sure we are all agog to hear your observations upon Caesar's campaign strategy; but we are prepared to wait."

"No, really sir. It's something else sir."

"Oh, all *right*, Tyler. What is it?"

"I was just wondering why we have to do it, sir. I mean it's a dead language, isn't it sir? And Mr Evans says he's going to start teaching us Greek as well next week, sir."

"For the hundredth time, boy, we are attempting – God help us – to train your mind. In your case, I agree, we may be hunting for the proverbial needle in the haystack. But we persist. Stop sniggering, Fletcher."

Of course we all knew why we were learning Latin. We did it because we had to. It was on the syllabus. But if the teacher could be persuaded to take the bait, his hopeless attempts to circumvent the dead language argument were usually good for a few laughs.

These days, when every activity seems to require a market justification, the question asked of classics teachers is a lot more sophisticated than any we could dream up. And this week a body called the Council of University Classical Departments rose to the challenge.

Their attempt to explain the benefits of Latin, Greek and Ancient History takes the form of a survey of large company recruitment officers in which a lot of approving noises are recorded. The most-quoted comment, from an advertising agency, is that classics graduates can "think the pants off issues."

Classics in the Market Place tries to show that the subject prepares graduates not just for the law or the civil service, but for business too – banking and even the computer industry.

I don't remember anybody explaining that to us, even much later on in our school careers. For that matter, I don't think we were even consulted. Selected by some unseen process in order to fulfil some undeclared quota, about ten of us were taken away to a small room to learn how to turn Winston Churchill's speeches into Ciceronian orations and Shakespeare's sonnets into Greek iambic verse.

It was an arcane world but it did not seem odd at the time; it was even rather enjoyable, like belonging to a secret society. The language part was sometimes very difficult indeed but the ancient history did not seem any more out of date than any other sort of history.

Our teachers were shy but versatile men. One had survived the siege of Kut without eating (he claimed) a single rat: he quelled the hunger pains by reading Aristophanes. Another was a vegan, and wore canvas shoes, and would break unexpectedly into long declamations of Racine. Yet another, later celebrated as a translator of Homer, was an expert on Greek particles, co-author of an Italian dictionary and played Buxtehude on the church organ, secretly, at night.

Just before leaving school we were taken to diesel-locomotive manufacturer's premises, to learn how we should fit into the real world. After the tour, the personnel director gave us tea in the canteen:

"Any questions?

"Er, yes. I've got one."

"Yes?"

"Would you employ someone who had only studied classics?"

"Er . . . um . . . well. Maybe in . . . er . . . personnel?"

Christian Tyler

Ashley Ashwood

Ron and Elaine Smith: catering for discerning palates with their distinguished vegetables

Beef and queer gear, please

Nicholas Lander visits a vegetable farm that grows unusual produce for top chefs

BRITAIN'S restaurants are no friends to the country's balance of payments. Although there are now many good British chefs, the country still imports a number of chefs, restaurant managers and waiters from overseas every year, and a vast amount of produce.

Over the past few years an enormous network has developed, importing goods to keep such chefs, and their domestic counterparts, happy: pigeons and chickens from Bresse, France; olive oil from Spain, Greece and Italy; tomatoes from Italy; and even French flour in an attempt to make "true" French baguettes. Water and wine, of course, wing in from all over the world and every day trailer-loads of fruit and vegetables make their way from Rungis, the central market of Paris, to London.

These are not ordinary vegetables but what is referred to colloquially in London as "queer gear." Radiccio, oakleaf and lollo rosso lettuces, curly endive and rocket for salads, every variety of wild mushroom, and tender young vegetables for the main course – miniature leeks, fennel, carrots, cauliflower and Savoy cabbage, young spinach and turnips. They look good, and because they can be cooked quickly, taste more as the vegetable should and retain their nutritional value.

Because the increase in demand for these products has been so rapid during the 1980s, chefs have had no alternative but to look abroad. Most British farmers have been very slow to spot this new market despite much prompting.

George Perry-Smith, seminal restaurateur of the 1960s, told me, when he owned the Riverside at Helford in Cornwall, just how difficult it was to persuade his local farmers to grow what he wanted. There was a farmer just across the river, but he would not abandon selling fully grown and less interesting vegetables via the market town miles away rather than supply a local restaurateur on his doorstep.

The situation is improving, if slowly, throughout the country as chefs – mainly those outside London – encourage local suppliers to produce what they want. This makes for better availability and also improves quality as these vegetables are highly fragile and suffer whenever they are handled. Raymond Blanc at Le Manoir aux Quat' Saisons in Oxford (0844-278881) is determined to ensure quality and continuity, even to the extent of devoting two acres of his grounds to growing vegetables and herbs. This situation would be considerably eased if more farmers up and down the UK were to follow the example of Ron and Elaine Smith on their 12-acre farm at Ardleigh, north of Colchester, Essex. On an average day, they send 350 boxes of salads and vegetables of a quality chefs dream about to market, and are our only national producers of many of these items on any scale. They sell everything they can produce and have reached this happy state by listening to their local chefs' requirements.

The Smiths bought their farm in 1976 and struggled for four years, growing ordinary round lettuce, tomatoes and cucumbers. By 1980 times were hard, but one night over a pint with the chef from Le Talbooth in Essex (0206-323150), Ron Smith was introduced to the mysterious world of "queer gear." In those days Smith not only packed all his vegetables himself but also drove his produce to Covent Garden. He was persuaded to bring back lollo rosso, haricots verts, oyster mushrooms and even truffles on his empty van. This two-way traffic soon led to 22-hour days which were interesting but not rewarding financially, and Smith faced a choice of continuing the wholesaling side or giving up the growing. He decided to abandon wholesaling.

However, Smith was convinced that if his 12-acre plot was to pay this time round, it would have to satisfy the huge demand for "queer gear." He put his time walking around the stalls of Covent Garden to good use and gradually planted over his entire holding with a variety of salads and mini-vegetables. The basics of this transformation were not difficult (although getting any practical information from British agricultural research stations still is). The same seeds are used for mini carrots as for the large ones; the big difference is that for the small vegetables the planting is much closer.

> *'Most British farmers have been slow to spot this market'*

The difficulties of this type of farming only emerged gradually. Selling to the markets, Smith has to ensure continuity of supply, one reason why the whole operation has been turned over to this type of farming. But because what he is producing has such a short growing period, no sooner has he planted one crop than he is harvesting it. Young spinach is ready in three weeks; miniature carrots and cauliflowers take the longest time to maturity but he can have a crop of these in eight weeks. They also have to be picked at exactly the right time.

As I arrived at the farm, a truckful of young turnips were being thrown away; they looked perfect but the leaves had just turned yellow and did not meet Smith's exacting standards. The English weather is, naturally, the biggest enemy to continuity but Essex rabbits run it a close second – they have even nibbled through the plastic tunnels to get at Smith's vegetables. But the physical demands of this type of farming are exceptionally high, too. Because the seeds are planted so close together and the vegetables so fragile, only the drilling for seeding can be done by machine. Everything else, from the weeding to the picking (and under the plastic tunnels the temperature can reach 100 degrees F), the washing, the bagging and the boxing of the vegetables, as well as the loading of them on to the vans, has to be done by hand. The number of employees has risen from one to nine in the past six years, but the fastest picker is still the Smith's daughter Tina, 28, who has picked enough lollo rosso in one day to fill 95 boxes.

As Smith is now this country's only significant producer of so many different vegetables and salads, he now supplies establishments in London (Covent Garden, Spitalfields), Birmingham and East Anglia.

But he and his farm, are governed by the market. Every morning at 7.30 (earlier when the weather is hot) he calls his wholesaler at Covent Garden to see what has sold; if the market is slow he will drop his prices to clear any stock and then have a clear idea of what he should be picking that day. He must keep his land turning over – where he does not pick today he will not be able to sow tomorrow. Smith's annual turnover is now £125,000, which he hopes to increase to a maximum of £150,000 next year, having just invested £20,000 to lay down undersoil warming cables and lighting in two glasshouses for rocket, young spinach and turnips. If the business were to grow any bigger than envisaged, he believes he would lose the feel for his produce.

This vigilance is, however, maintained at a price. He works 14 hours a day, seven days a week, 51 weeks a year – he has a week off to go skiing, while his wife has not had a holiday in three years. But the business is profitable, and most important for both of them, far more interesting than the normal type of farming they used to practice. And in the large network that brings their lovely salads and extremely fresh and delicious vegetables to the tables of so many restaurants in this country, the Smiths are not only keeping the chefs happy but doing their bit for the country's balance of payments.

Wine

Could do better

WITH THE possible exception of 1984, 1980 was the least-favoured claret vintage of the eighties, and the only one in which no "opening offers" were made the following summer, with only the first-growths releasing their wine before the holiday period that year.

There was some reason for this pessimism, for the spring was cold and wet, the flowering delayed with a good deal of *coulure* (grapes not forming) and *millerandage* (when formed not swelling), and followed by an unusually cold July. Fortunately both August and September turned out hot, but there was rain too, and after a late start to the vintage on October 6, a week's rain followed.

Many chateaux did not begin picking until the exceptionally delayed date of October 16, after which dry weather contributed to a harvest salvaged at least for those growths able to have afforded anti-rot sprays throughout the poor summer. But the total red wine crop was only 2m hl and the wines, at best, were inevitably light.

Nevertheless, the better-made ones turned out to be not at all bad once they were in bottle. There is always demand for light, early-maturing clarets at reasonable prices that do not involve years of interest on locked-up merchants' capital. So gradually the stocks in growers' and merchants' cellars ebbed away, and most wines had probably been drunk by the time they were five or six years old.

However, a few of us follow the old Bordeaux tradition of keeping what we hope are good bottles until they are 10 years old, and singling out the first-growths, which should produce at least some of the most successful wines of the vintage.

So recently two Masters of Wine and their spouses met at my home for a dinner with eight wines of which not much was expected. In the order which they were served they were Haut-Brion, Margaux, Lafite, Mouton-Rothschild, Latour, Ausone, Cheval-Blanc and Petrus. All were opened, decanted and stoppered about an hour before the first was tasted, and two hours before the later bottles. In fact, although we found points to criticise, they were generally felt to be more acceptable and enjoyable than expected. Below are my notes, taken at the table, and amplified and modified by those of the other five diners.

Haut-Brion: Good colour for the vintage, attractive light bouquet but not the "bricky" one often associated with Haut-Brion. A flavour of some class but light, dry and with a bitter end. "Refreshing, a wine to drink at lunch." "Very pleasant to come back to at the end" – when all the wines were refreshed from the open decanters before the six drinkers' orders of preference were recorded.

Margaux: Surprisingly big colour, dry tannic nose and flavour, a bigger wine than expected, with more fruit to it, but lacking in roundness. "Closed nose at first, but developed quite well, silky tannic texture, crisp, short but attractive." "Fine elegant Margaux nose, with lots of life there, dry and still tannic." "Tannic, hard a bit charmless, quite classy." "A lot of tannin, nice drinking, but a strike at the end."

Lafite: Very good colour, light but elegant nose. Very tannic, some class. "Refreshing, swingeing raw fruit, a bit astringent, lacking quality." "Notable acid on nose, possible some unripe fruit – saved by chaptalisation." (All the '80s certainly were.) "Very sharp finish that falls away."

Mouton-Rothschild: Good colour, not a very distinguished nose, but quite a strong flavour; lacks distinction. "Dumb when first poured, developed a meaty, fruity bouquet. Fruity middle, but raw, swingeing finish." "Dry but not charming, ungracious, short." "Bitter on palate, tannic." "Bitter though some fruit." "Lovely colour, more body than Lafite, hard, charmless."

Latour: Very big colour, Pauillac nose, more fruit than others and good balance, though some astringency, long. "After 10 minutes, sweet, medicinal nose, fullish body for an 80." "Excellent balance. Most powerful of the lot." "Rich, fruity flavour, a wine perfect in its own range." "The most complete wine so far." "Not the end and full finish one would expect from the nose." "Lacks finesse."

Ausone: Less colour than others, but enough. Slightly dusty nose, and light flavour. Lacks depth and distinction though agreeable to drink. "Medium colour, dusty, waxy nose. Developed a pleasant, tea-like bouquet. Very sweet, medium-light body, finish a big vague. A surprisingly attractive Ausone." "Pretty, well-balanced nose, dry finish; very attractive mouthful for tonight." "A little mean on the palate, quite a light wine, lacking in distinction."

Cheval-Blanc: Lovely nose, fruity flavour, fairly light finish and a light wine for Cheval Blanc. "Medium-deep colour, sour cabbage nose, loads of iron but fragrant. Flatteringly full at first; iodine, exotic tropical fruit, long." "A hint of bitter cherries at the finish. Quite full and just at its peak now." "Better nose than taste, good, to be drunk now." "Rather more character than following Petrus, a lovely wine, robust but delicate."

Petrus: Excellent colour, burgundy-like sweetness on nose. Rich for the year. Light balance, easy drinking, nothing more to give." "Very good nose, touch of caramel, chunky fruit, ripe mulberry fruitiness." "Fullish every way, sweeter than Cheval Blanc." "Good fruit on palate, quite a good length but slightly dry finish." "Nice deep colour, garnet; less appealing on taste than on nose."

Then, after the glasses were refreshed and the wines retasted, the order of preference was taken for each member of the party, from eight to one, and the total added up to give the primacy to the wine with the least votes and the wooden spoon to the one with the highest total. The result, with the total of votes included, was as follows: 1. Cheval Blanc (7); 2. Petrus (12); 3. Latour (23); 4. Margaux (28); 5. Ausone (29); 6. Lafite (34); 7. Haut-Brion (35); 8. Mouton-Rothschild (46).

Cheval Blanc has come out top in the previous two tastings of the 78s and 79s and the additional sweetness engendered by the dominant Merlot and Cabernet Franc grapes (with Cheval Blanc 80 per cent Cabernet Franc) often gives the three right-bank wines an added attraction, which is why they are tasted last. To surpass them Margaux and Lafite have to combine fruit, elegance and finesse, and the other two Pauillacs richness, body and "size." Haut Brion is on its own, but evaluation of wine is at least partly subjective. However there was near-agreement that Lafite and particularly Mouton Rothschild were disappointing – yet the latter came second a year ago for the 1979s.

As always, it has to be emphasised that bottles of the same wine can vary, and on this occasion only bottle of each wine was tasted. It was quite a test of their comparative longevity in such a minor though not disastrous vintage, and demonstrated the general technical superiority of these first-growth clarets – whether when they were first offered eight years ao at what later turned out to be an opening retail price here in the UK of rather more than £20 a bottle is another matter.

Edmund Penning-Rowsell

Appetisers

ONE OF the few bargains to be had in the current 1989 claret hysteria is the St Estèphe cru bourgeois Château Beau-Site. Like most St Estèphes it has triumphed in this ultra-ripe year but this property has only just been renovated by merchants Borie-Manoux and therefore hasn't (yet) the reputation to bolster its opening price.

Freddy Price, of 48 Castlebar Road, London W5 (081-997-7889) is quoting £48.40 per case in bond in Bordeaux (and adds a flat £5 for total orders of less than 10 cases). Farr Vintners, of 19 Sussex Street, London SW1 (071-828 1960) is quoting £48 per single case in bond in London.

■ ■ ■

BETTER branches of Victoria Wine stock a bargain white from the deep south of France at the moment. Côtes de Roussillon Blanc, Fût de Chêne 1988, Arnaud de Villeneuve is a quite exceptional oak-aged, mouth-filling scented white from vineyards in the Mediterranean border country between Spain and France. It's made from Malvoisie and the underrated Maccabeu and has spice and well-handled oak resulting from just three months' sojourn in oak, but is both delicate and dry. Victoria Wine sells it at £4.19 while its new wholesaler was asking £52.74 a case (pre-VAT) for it the other day. Surely shome mishtake?

Jancis Robinson

CHESS

MURRAY CHANDLER, the 30-year-old top seed and chess olympic silver medallist, won first prize this week at the Pilkington Glass British zonal in Blackpool. Michael Adams, at 18 the UK's youngest-ever champion, will join him at the interzonal stage but only after a bizarre and controversial finish which is sure to be a discussion point in international chess for weeks to come.

Normal Fide regulations are that a tie for an interzonal place should be settled by a play-off immediately after the original event. The problem at Blackpool was that two leading contenders, Chandler and Daniel King, were also committed to the Grandmasters Association qualifier in Moscow the day after the Pilkington tournament finished. The GMA event, now in progress, settles places in the next World Cup series and is thus a major contest in its own right.

Faced with the possibility at the start of an eventual tie between two or several players, the organisers went for a compromise. They stipulated that a tie would be resolved by either a drawing of lots or a blitz chess playoff at 15 minutes each. It was hoped that this would allow for the worst case possibility of Chandler or King being involved in a tie but finishing their last round games so late that they would have to choose between a playoff and their Moscow flight.

As expected, the zonal proved a close and tense affair between the five English grandmasters Chandler, Adams, King, Hodgson and Suba. All the games between this quintet were drawn except for Hodgson's early win over Suba and Chandler's final round victory from King which settled one interzonal place.

Adams, Hodgson and Suba were all joint second half a point behind, and then the real problems began. At a players' meeting to decide how to resolve this tie, Adams and Suba were in favour of settling it at the chessboard but Hodgson preferred drawing of lots. After a long and eventually deadlocked argument, the next stage was tossing a coin to decide which method should be chosen. The lots won.

Now the organisers recalled the precedent of the Smyslov-Hübner candidates quarter-final of 1983, where a golden roulette ball in the local casino went in favour of Smyslov's red. Hübner had refused to attend such a lottery and went home early.

No roulette wheel was available, so they settled on the bingo machine at the Sandcastle Hotel, venue of the tournament, which could generate numbers from 1 to 80. Suba optimistically chose the number 1, Hodgson perversely went for 13, and Adams selected 9 – it was, he said, the number of pints he had quaffed the previous evening. The audience settled down to wait for an interminable number of spins, but the machine mercifully voted for Adams at its second twirl. The victor's comment was that it was just as well he had turned down the last drink!

Arguably justice was done by perverse means, for Adams – who breaks Nigel Short's record as the UK's youngest-ever interzonalist – has the potential to develop much further as a player and even reach the candidates stage at his first attempt, as Short did in 1985. But it would have been a happier solution if he had qualified over the chessboard, either through a normal playoff or through a blitz series. Even the Smyslov-Hubner match went to two extra time games before roulette was introduced, while on other occasions tie-breaks have been based on weighted performance in the original tournament. Blackpool may even have set an unenviable record as the first occasion for a randomised tie-break without any prior chess-related method.

Qualification tournaments usually produce dour and careful rather than brilliant play, and the leading Blackpool contenders often drew early against each other. One star move was Hodgson's 18 b4 in this week's game, which reduces the black army into disorder. If 18 ... Qxb4 19 Bxf8 gxf6 20 Qh5 plans Qh6, Rb1 or f4 with a powerful attack, while as played Black swiftly loses a piece.

White: J.M. Hodgson (England).

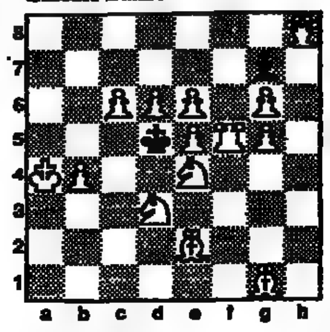
Black: F. Rayner (Wales).

Queen's Pawn (Pilkington Glass zonal, Blackpool 1990).

1 d4 Nf6 2 Nf3 e6 3 Bg5 c5 4 e3 Be7 5 dxc5 Qa5+ 6 Nbd2 Qxc5 7 Bd3 d5 8 0-0 0-0 9 c4 Nc6 10 Rc1 Qb6 11 cxd5 exd5 12 Nb3 Bg4 13 Be2 Rad8 14 Nfd4 Bxe2 15 Qxe2 Nxd4 16 Nxd4 Rc8 17 Nf5 Bc5 18 b4! Bxb4 19 Rb1 Ne4 20 Ne7+ Kh8 21 Nxc8 Rxc8 22 Be7 Nc3 23 Qg4 Rc4 24 Qd7 h6 25 Rxb4! Rxb4 26 Qc8+ Kh7 27 Qxc3 Re4 28 Bc5 Qa6 29 Qc2 f5 30 Bd4 Resigns.

PROBLEM No. 824

BLACK 2 MEN



WHITE 14 MEN

White mates in two moves, against any defence (by H. Juhe). The material balance is provocatively lopsided, but it is far from easy to single out the only method to achieve a two-move knock-out.

Solution Page XXIII

Leonard Barden

Cookery

Fast and sweet

FOR YEARS I equated fast Italian food with pasta. Spaghetti, penne, farfalle and other shapes, served with a sauce that could be conjured up quickly, had a regular place on my working weekday menus.

I turn to such dishes with ever more greedy gratitude now that I have reverted to using dried pasta and have stopped feeling guilty about not making pasta myself. Reassurance on this score came from no less an authority than Anna del Conte, who pointed out that "in Italy most people eat dried pasta most of the time" and went on to express the firm opinion that "good brands of dried pasta are better than most of the fresh pasta sold in shops in this country."

But pasta is not the only fast food from Italy in which British cooks can rejoice. Italian cooks take an extremely practical approach to all matters sweet. Dinner in Italy usually ends with a bowl of fresh fruit, but when the meal is sufficiently formal to call for a dessert chances are that the cook will choose one that is not only delicious but gratifingly quick and easy to prepare. This is worth remembering next time you want to round off dinner with a little flourish.

ZABAIONE

One of the best of all custard cup sweets and an impromptu pud par excellence. Few things are quicker to whip up, the ingredients are likely to be in your larder, and there is something particularly convivial about its warm and frothy sweetness.

To serve three to four people I allow 4 large egg yolks and 2 oz caster sugar. Whisk them in a double-boiler over barely simmering water until the mixture begins to thicken. Add 6 to 8 tablespoons of Marsala and one teaspoon of finely grated lemon zest and continue whisking until the mixture has almost doubled in bulk and is the consistency of very softly whipped cream. Serve straight away in warmed syllabub or wine glasses. Partner zabaione with little biscuits, or, more seasonally, with a few unhulled strawberries to dip into the foaming confection.

RICOTTA AL CAFFE

At its simplest, and arguably its best, this traditional sweet consists of a white mound of soft, fresh ewe's milk cheese accompanied by little bowls of sugar and medium-ground coffee beans. Everyone helps themselves to the ricotta and sprinkles on coffee and sugar to taste. Sometimes a jug of pouring cream is handed round as well. If figs are plentiful and ripe, lay the ricotta on a bed of fig leaves and encircle it with the warm and musky fruit, left whole or cut into quarters.

RICOTTA WITH RED FRUITS

For a variation on the theme, the soft cheese can be enriched by working into it a few hours before serving a little cream, ground almonds, icing sugar and a scented splash of orange blossom water. Five tablespoons of cream, 2 of ground almonds, 1 of sugar and just 1 teaspoon of orange blossom water is about right for ½lb of ricotta. If you don't like orange blossom use kirsch instead or surround the cheese with a garland of lemon scented geranium leaves.

Serve ricotta prepared in this way with cherries on the stalk, unhulled strawberries and sprigs of frosted redcurrants. Or, more simply, with a dish of halved strawberries tossed in a spoonful or so of freshly squeezed citrus juice and sugar to make the fruit gleam like rubies.

TIRAMISU

This is a relatively new sweet treat from Italy and is fast winning friends at home and abroad. The name means pick-me-up, but what a misnomer! Given its delicious richness you are unlikely to leap from the table after eating.

I see Tiramisu as an Italianate trifle, not a pretending English trifle, like Zuppa Inglese; but a delectable alternative to our own – a real rival, and much quicker to make.

For six people, or eight if the pudding is served in individual glasses, first separate 3 large eggs. Beat together until creamy the egg yolks, 1½ oz of caster sugar and a generous pinch of cinnamon. Then beat in 11 oz or 300 g mascarpone cheese. Double cream cheese is no real substitute but it can be used if mascarpone is unobtainable.

Whisk the egg whites to shiny peaks and fold the mascarpone mixture into them. Cover the base of a 2½ to 3 pt glass dish with sponge finger biscuits that have been dipped into a mixture of brandy and coffee. Spoon half the mascarpone mixture over them and cover with 1½ oz grated or finely chopped dark dessert chocolate.

Repeat the soaked biscuit and mascarpone layers (you will need about 18 sponge fingers, 5 tablespoons of brandy and ¼ pt cold, very strong black coffee in all). Smooth level, cover and chill for several hours or overnight. Decorate with another 1½ oz grated chocolate just before serving.

Philippa Davenport

Lucia van der Post — just back from the Weekend FT Kalahari safari — picks the best hot-weather wear for under African skies

Where to bag your big-game wardrobe

WHEN FT comes to kitting yourself out for a holiday in the African bush it is hard to better Lord Copper's advice to the hapless Boot in Evelyn Waugh's *Scoop* – "Travel Light and Be Prepared" (though I should forget about the cleft sticks).

Of course, how light you need to travel and how rigorously you need to be prepared depends on where you are going and what you are doing. Most African holidays these days offer a clever illusion of adventure and derring-do but really have none of the harsh reality: sheltered from almost every danger and unexpected hazard by a phalanx of experienced travel agents, guides, cooks, backroom boys and unsung heroes, today's safari-goer has few real challenges, other than a little mild discomfort, to cope with.

Nevertheless, no matter how cossetted or how well-ordered a venture it is, as Cornwallis Harris, the naturalist and safari-goer observed, a safari is much like a ship at sea – once launched on the great ocean of nature it is cut off from mainland support and has to be entirely self-contained and self-reliant. In other words, preparation matters.

Of course there are safaris and safaris. The great celebrity safaris of Randolph Churchill, Roosevelt and the Prince of Wales were huge enterprises, usually many months long and accompanied by hundreds of porters who carried everything from everyday provisions to a piano and complete libraries.

Those days are sadly gone. What you and I tend to go on are fortnight-long excursions into the bush when, if we are lucky, we can still find glimpses of the Africa that enraptured the early explorers.

A fold-up carrier for holding passport, first aid kit and anything else you want to carry. £9.95 from SafariQuip

But those first pioneers, brave as lions when hunting, believed in being comfortable back at camp. They established the rhythm of the true safari, which remains unchanged to this day: up before dawn, a cup of strong tea and then, as the sky begins to change colour, out to see the sun rise, the bush come alive, and to catch a glimpse of the predators before they (and you) lie up in the heat of the day. Out again in the late afternoon: stalking, driving, looking, returning in time to have a sundowner.

No over-elaborate clothing is necessary – you should see how the old hands smile at the new arrivals at Nairobi airport in their Robert Redford/Meryl Streep lookalike kits – but there are a few simple principles it is worth bearing in mind.

First-timers are always surprised at how cold Africa can be – in places like the Kalahari desert (where I and a group of FT readers have just been) the early mornings and late evenings were cold enough to chill the marrow. Thermal underwear (the readers who had bought silk found it perfect, being warm and light to pack) for wearing at night is ideal. Survival Aids sells silk long-sleeved vests, (£24.95) longjohns, (£44.90), socks (£5.95) and knickers (£9.95). Tracksuits are useful for sleeping in, for sitting round the fire and generally keeping warm. For morning and evening game-drives you need layers you can peel on and off, so.

Light suede desert boots, £24.95 women's sizes 4 – 8; £27.95 men's sizes 6 – 12, from Travelling Light

ALWAYS pack a light wind and showerproof jacket and at least one really warm sweater.

I think the classic, pure cotton, safari-style garments in beige or khaki look and work best in the bush. Lord Kitchener re-conquered the Sudan while wearing the four-pocket khaki uniform jacket that evolved into the modern safari jacket, but since then most designers have been unable to leave well enough alone.

Ersatz safari clothes are everywhere. In its purest, most classic version the safari jacket is highly functional and glamorous to boot. The actor Alan Arkin reported that the proper jacket gave him: "At last, an air of mystery. I can leave places early and no-one asks me where I'm going any more. They're all sure that I have important planes to catch in half an hour for secret meetings in the jungle. It also gets me good tables in restaurants."

The Egyptian cotton in which these jackets are made is very finely woven (300 stitches per square inch) which means the cotton is water-repellant, wrinkle-resistant and as tear-proof as it is possible to be. The old white hunters repeatedly reported having their clothing torn on urgent gallops through acacia country – these days Land Rovers produce much the same effect).

However, finding one isn't easy. Simpson of Piccadilly produces a nearly authentic one but at £149 it is expensive and it isn't made of Egyptian cotton. Abercrombie & Fitch at 725, 5th Avenue, New York, sometimes stocks a replica of the very one that Hemingway wore, but if you really want one you'd better write and order one now for about $140 each.

Those who are difficult sizes or who can't find what they want in the shops might like to know about Mr Keith at Peter Simple. Mr Keith specialises in making safari clothes to order at prices that seem astonishingly reasonable. He uses 100 per cent cotton in biege or khaki, and can make anything from a four-pocket, long-sleeved, full-belt jacket to an Out of Africa-style dual-pleated skirt. A cotton suit (trousers and tunic) costs about £85, a skirt about £40.

Clothes don't have to have a label saying "safari." At the moment looking as if you are a full-time safari-goer seems to be high fashion, so every chain store – from BhS to Marks & Spencer – is awash with serviceable khaki-coloured clothes at reasonable prices.

Most modern safari camps turn dirty washing around in a day so you don't need masses of clothes which do an identical job. Provided you take at least one pair of long trousers (for keeping ticks, flies and itchy pollen at bay when walking through long grass) and a pair of shorts for men or skirts for women you should be all right.

YOU should have at least one long-sleeved shirt (you can always roll the sleeves up) as well as a couple of short-sleeved ones. Many modern safaris involve flights in small aircraft so keeping kit down really matters – the ideal (achieved by quite a few of our party, though not me!) is to fit everything into one soft-sided sausage-shaped bag.

Those who regularly visit the US will probably know about Banana Republic, once a cult store with the most entertaining mail order catalogue in the world. These days it has been taken over by the mighty Gap chain. Its idiosyncratic and delightful catalogue is no more but its many branches still sell basic safari gear at reasonable prices.

The once entirely classic, old-fashioned approach has been adulterated with more fashionable bits and pieces but search around and you'll still find safari jackets based on Lord Kitchener's four-pocket khaki uniform jacket. Banana Republic assures me it always stocks the Kenya Convertibles – these trousers "protect from brush, weather and local social customs." You wear them full-length for crisp early dawns and for making your way through dew-soaked bush. As the sun gets up you unzip the trouser legs at the half-way point and continue on your carefree way with bare legs. For cool evening journeys you rezip the legs. There are also sturdy shorts, trousers, jackets and skirts, all in 100 per cent Egyptian cotton, as well as tough cotton and leather luggage.

There is a whole gamut of gadgets and medicaments which you may not need at all – but if you do you'll need them badly. You will need medicaments from your own doctor to cope with personal problems, and basics like aspirins, plaster, anti-histamines, suncreams and the like. The Medical Advisory Services for Travellers Abroad, at Keppel Street, London WC1E 7HT (tel: 081-631-4408) sells a range of travelling medical products. Each party (certainly not each person) might like to take the Aids and Hepatitis transmission prevention pack (£13.50), basically a kit with sterilised syringes, needles and other emergency equipment. The dental emergency pack (£7.85) also sounds good value.

A proper torch and plenty of batteries is a must. You'll need plenty of film as you can't be sure of topping-up supplies. Cameras going on hazardous journeys need to be protected: Travelling Light has the excellent-looking Billingham Hadley Bag at £59, which has a big central compartment with a padded lining as well as pouches for films, and books. I would also recommend taking a good all-purpose knife, Swiss Army for choice: Travelling Light, SafariQuip and Survival Aids all have suggestions.

Binoculars again are a must and the best advice I can offer is to take a morning in a good shop to look through, hold and generally learn about what set suits you best. As with most things you get what you pay for – the big names (the West, NOT East, German Zeiss and Leitz, for instance) cost most but have the best optics.

Two pairs of walking shoes are a good idea as one pair often gets wet in makoros, swamps or damp grass. Light trainers may not look as good as suede desert boots (which Travelling Light sells at £24.95 for women and £27.95 for men) but they really are perfectly adequate for most purposes. The locals tend to pad about in open-toed sandals.

Hats are, of course, essential. Proper topees look a little theatrical but if you don't mind looking like an extra from Out of Africa, good luck to you. There is, I think, something special about the Panama. Not only does the authentic version fold up along the central crease, making it easy to pack, but as the travel writer Tom Miller puts it: "In the language of style, Panamas convey confidence, taste, achievement. The safari-style model has enough elan to hint at hidden pleasure but looks sufficiently rakish to suggest tropical adventure." If that sounds like you then you can find one from the Travelling Light catalogue for £24.95.

Much more practical but without any hint of rakishness is the bush pull-on hat in 100 per cent cotton. For the sudden shower, the nightime stroll or the morning hike that lasts into midday, a water-repellent cotton twill hat so compact and lightweight that it can be rolled up and stored in a pocket is ideal. Army Surplus shops such as Laurence Corner, or Survival Aids, will sell you one for under a fiver.

MOZZIES: there are quite a few schools of thought on this subject. If you don't mind and aren't allergic to some of the strong insect repellants (like Jungle Formula) then they do seem to keep the wretched things at bay. However several of our group preferred "Buzz-Bands," ankle and wrist bands (£6.95 for sets of four) impregnated with insect repellant which they would wear night and morning. They are not, it has to be said, elegant, but they do seem to work. They are effective for about 120 hours (usually enough for a two-week safari) and can then be restored by soaking in reactivating fluid. Now that natural is fashionable there are various non-chemically based alternatives available.

It is space-saving to pack multi-purpose washing lotion – Survival Aids' own-brand Body Wash washes everything from hair to contact lenses (£1.99) while Cosmetics-to-Go has Africa Wash (£3.00) which works in hot water and cold, cleans hair, body and clothes. Cosmetics-to-Go also has a hessian wrap pack (the Africa Companion) which contains eight different products including lip salve, sun filter, insect repellent, body wash etc. It costs £23.50 and will fit into any rucksack.

Finally, I asked the *Weekend FT* readers who came to Botswana with me last month which bits of advice they had found the most useful. "The tip about the plastic bags," they said, as one. "We'll never go on holiday without them again." Plastic bags help keep clothes compartmentalised and preserve them from damp and even downpours, as well as dust.

However, there's nothing much new under the sun. Mary Kingsley, one of the first white women to go adventuring in Africa on her own, believed in travelling light and so set off with a black portmanteau and one long waterproof sack containing blankets, boots and books. But there is something else we could learn from her. Her jungle outfit was a high-necked white blouse, a heavy black skirt, tall lace-up boots and a cummerbund, which served as a towel when she bathed in the dark, swampy rivers. Now, a cummerband doubling up as a towel was something I hadn't thought of . . .

■ SafariQuip, 13A Waterloo Park, Upper Brook Street, Stockport SK1 3BP. Useful source of gadgets such as pocket knives, travel adaptors, money belts, folding scissors, blister kits and the like. One showroom in Stockport, otherwise mail order.

■ Survival Aids, Morland, Penrith, Cumbria, CA10 3AZ. Mail order catalogue full of excellent things including pure cotton khaki clothing, canvas and leather bags, mosquito nets, hammocks, compasses etc. For serious expedition organisers, macho weekend warriors and the like as well as holidaymakers. Also shops in London (Euston station and Farlowes, 26-27, Royal Opera Arcade, Pall Mall, SW1), Kendal, Glasgow and Aldershot.

■ Travelling Light, Morland House, Morland, Penrith, Cumbria. Mail order catalogue as well as shops at Morland, Cumbria, 10 Gloucester Street, Malmesbury, 18 High Street, Bletchingley, Surrey. The range is also stocked by the Scout Shop, Buckingham Palace Road, London SW1 and the YHA Adventure Shop in Covent Garden and Kensington High Street. Not so macho as Survival Aids, more for holidaymakers going to tropical countries but some nice plain cotton khaki and beige clothing.

■ Laurence Corner, 62 Hampstead Road, London NW1 and 126 Drummond Street, London NW1. No mail order but always a selection of army surplus – good, inexpensive, hats, shirts, trousers.

■ Cosmetics-to-Go, 29 High Street, Poole, Dorset BH15 1 AB. Mail order only – tel: Freefone 0800-373-366. Excellent naturally based cosmetics including sun protection, insect repellant, shampoos and body washes.

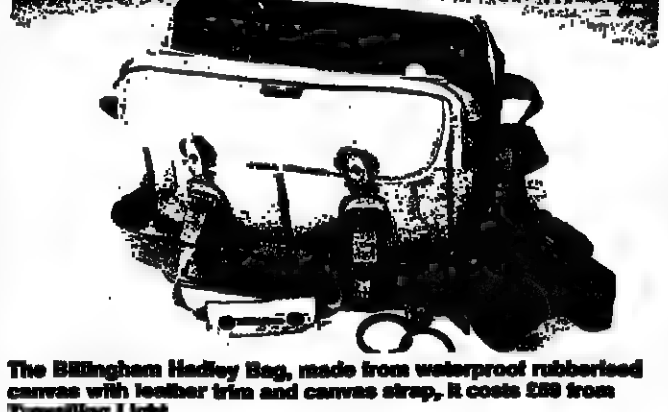
■ Peter Simple, 83/84 Berwick Street, London W1. Made-to-measure safari clothing at excellent prices.

James Ferguson

HE is dressed almost entirely by specialist safari outfitters. His green cotton shirt is £27.95 from Travelling Light, his Desert Range jacket in 100 per cent cotton twill is £49, and his cotton longer strides trousers are £34.50, both from Survival Aids. He wears Survival Aids' interpretation of the desert boot, (£45) cut high at the ankle to give support when clambering up hills or across rocky parts. His dark green cotton fold-away bush hat is £4.95 from Survival Aids.

SHE objected to paying high prices for specialist clothing so has been raiding the chain stores. At British Home Stores she found a pure-cotton khaki polo shirt, £7.99 and a pair of dark cotton khaki shorts, £12.99. She is wearing suede desert boots £24.95 and cotton socks, £3.90 for two pairs, and her fur felt safari hat is £55 from Travelling Light.

The two bags, both in matching beige cotton canvas trimmed with leather, also come from BhS. The handbag (£19.99) has two pockets, one for documents and emergency cosmetics such as lip-salve and sunblock, and one a capacious main compartment for toys like her binoculars and camera. The larger holdall, big enough for overnight or for carrying extra sweaters and rainproof jacket, is £24.99.



The Billingham Hadley Bag, made from waterproof rubberised canvas with leather trim and canvas strap, it costs £59 from Travelling Light

Glyndebourne glad-rags

IF LONDON'S Victoria station is awash with people in puff-sleeved proper frocks and penguin suits carrying assortments of picnic baskets and ice-boxes at 2.30 in the afternoon, we should all know why: it's Glyndebourne time again.

The first big hurdle is getting tickets – or an invitation. But after that the question of what to wear looms large. The hot sartorial news from the first week of Glyndebourne is – relax, nothing much has changed. Hems may fall, busts may rise, shoulderpads come in and out of favour, but Glyndebourne-style goes on forever.

It is an oasis of sartorial tranquility, where people wear what suits them best and what they feel most comfortable in. On a recent sunblessed evening there they looked untroubled by whether they were in or out of fashion, enjoying themselves in time-honoured fashion with glasses of champagne and picnics on the lawn. Unlike the ferociously chic Milanese set – who head for cover at the first touch of rain – these folk, I feel sure, would have stood their ground, English-style, wrapping their shawls around them, pulling out umbrellas and macs and carrying on as before.

So, if you have landed an elusive ticket and are wondering what to wear, the message is RELAX. If you have something old and drifty and romantic in your wardrobe that would be perfect (the chicest woman I saw at *The Magic Flute* this week had her dark hair up in combs and drifted about in floaty black and white chiffon). If you feel you *must* have something new then remember that sharp New York-style chic is not the Glyndebourne way; that short is more practical than long; and that shoes should be able to cope with cobbles and damp lawn. A soft (preferably cashmere) shawl for standing about afterwards in the late-night mist is the best accessory I can think of.

Light fantastic

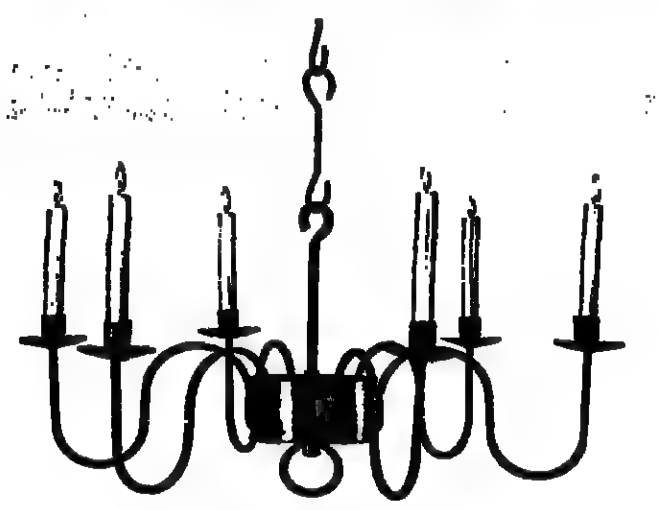
SIMPLE American colonial-style chandeliers are hard to find. They are sometimes to be found in smart New York or New England antique shops but they are never cheap and are hard to carry home.

Wilchester County is a relatively new small family business which started producing American-style primitive lighting about four years ago when they were running an antique shop in Bradford-on-Avon which specialised in country furniture. So many customers asked where they could find lighting that would be appropriate with the furniture that they thought they had better start providing it.

They had been collecting antique lights over the years and started by copying these designs. All are hand-made (which means, of course, that no single one is absolutely like any other), all are made from metal and can be used with candles or adapted to take electricity. The designs all have the rather austere simplicity that is the hallmark of the style but there is also a range of more decorative wall sconces, candlesticks and traditional wall decorations.

The chandelier sketched below is 29 in diameter and 14 in high and sells for £200 with candle fittings, or £250 if adapted for electricity. A similar two-tier chandelier is £325 (£395 if electric) while wall sconces vary between about £34 and £40. The tin wall decorations, featuring traditional subjects like fish, horses, roosters and pigs, are all £49 each.

Wilchester County only sells by mail order – a catalogue costs £1.50 and carriage is extra to all the prices quoted. For the catalogue write to: Wilchester County, Stable Cottage, Vicarage Lane, Steeple Ashton, Nr. Trowbridge, Wilts BA14 6HH. Tel: 0380-870764.



Property

Get the market on your side

Prospective purchasers could learn a lot from hiring a relocation agent, says ***John Brennan***

HOME MOVING is the greatest and most one sided Pro-Am contest of them all.

Fewer than one in 100 home movers gets professional advice on their choice of home. The seller normally has a professional agent to point out the good points about the property. The buyer only has professionals in the background; to mull over the paperwork after the decision is taken, or to survey the proposed purchase to check that it will stand long enough to cover the mortgage term.

Fewer than one in 100 buyers gets professional help in negotiating the price of their home. Yet that is likely to be the keenest of the skills of the seller's professional team mate, the sales agent.

The balance of play does change each time a buyer turns back into being a seller. But in the meantime, the 99 in 100 buyers who do-it-themselves are pitting their own, part-time skills against the full timers. That's why this particular Pro-Am game has prizes accounted in billions of pounds.

This raises a question: why should the overwhelming majority of people think it is sensible to *buy* a home without professional help, while few would consider trying to *sell* their home without it?

There are two answers. The first, and perhaps the most critical, is that home buyers forget that the estate agents they deal with are not acting for them, but for the vendors. It's a curious truth that the amateurs think that the professionals are playing on their side. However, this is no surprise at all to any sales professional who knows that the essential of the job is to get the best deal by being seen to be on the side of the customer.

The second answer concerns the fact that precious few home buyers actually know that they have a choice, and that they could, if they wished, have as much professional support when buying as they expect to have when selling.

The one in 100 figure is the estimate of the number of movers who now appoint a relocation or search agency in one form or another. That's a far higher proportion of property transfers than 10, or even five years ago. But the efforts of the relocation businesses to promote the principle of appointing a buying agency have yet to dent the mass market. Few home buyers see relocation or home search services as a service that might be worth paying for.

Companies switching staff around the country are beginning to turn to relocation agencies to help organise the housing aspects of the move. But even now, after years of promotional work by the major agencies, the relocators' prime customers are still international groups that have experience of using such services to ease the path of executives sent abroad.

Residential investors, especially those based abroad, are also being won over to the need to have professional help when buying. Investors have become increasingly used to the idea of instructing home search specialists or, more commonly, their chosen rental management agency, to help find suitable properties.

Individual homebuyers started to show more interest in home search services towards the peak of the bull market in housing in the UK in 1988. Countless prospective buyers were becoming frustrated by viewing property after property that was sold before they could reach for their own cheque books. Buyers started instructing sales agencies to house hunt on their behalf. Others were calling on relocation firms to seek out properties where they had some chance of getting their bid in first.

Paying for professional help to get to the head of the buying queue can be seen to make sense in a sellers" market, but what's the point when, as now, sales are slow and anyone with the cash to buy is guaranteed a welcome?

According James Wilson of the search agency Wilson & Wilson, the case for professional buying help is even stronger in a bear market. On the one hand "there are savings worth a lot of money to be made" in having your own negotiator to haggle over the price. On the other, a buying agent can winkle out properties that never reach the open market.

"A lot of people contemplating a sale are asking agents to arrange it discreetly," he says. Some are nervous about the market and don't want to have their house either ignored or subject to a lot of scavenger offers. Others, in Wilson's experience, "are people who are highly geared, who may need to sell but who don't want the world to know that they are strapped for cash."

Wilson & Wilson (071-792-1977) operate at the top end of the country and London town house market. There is no formal bottom-marker for the properties they will seek out for a client, but as a guide, James Wilson says: "The minimum would normally be around £450,000 in the country, and a fair bit higher than that in London." Clients pay a £750 retainer plus expenses and 2 per cent of the purchase price of a property, and with a client base of real buyers rather than window shoppers W & W is the kind of home search agency that the sales agents like to deal with.

That's why the Wilsons are able to identify the properties that never make it into the open market. As for the price benefits, as he says: "When a lot of people are dealing privately and there is uncertainty about prices it is clearly an advantage for the purchaser to be represented professionally. Few buyers would be able to get the best deal on their own."

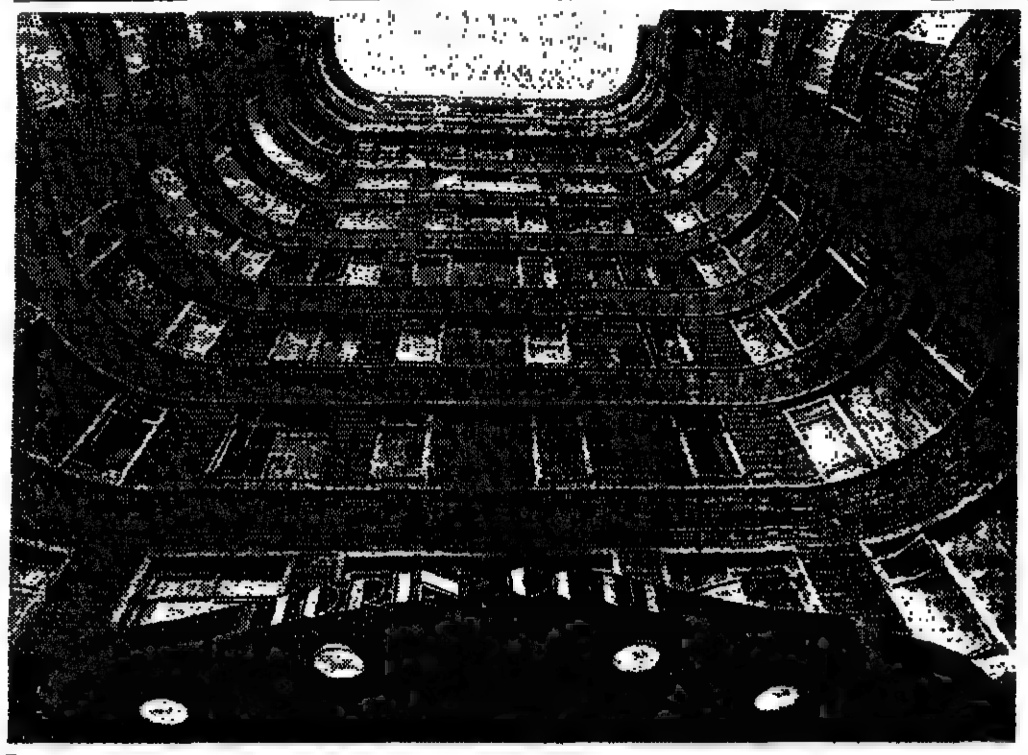
Looking through the guide prices and the asking prices to the likely lowest acceptable price is the home search negotiator's task. In today's market, where there are no price certainties, that's a skill that should be worth quite a lot.

Property Vision (071-723-6578), which provides a similar service but exclusively for country properties, makes the same point. In the words of PV partner Charles Ellingworth: "Finding the right property is only half the problem – buying it is the other. This is where experience counts."

One useful aspect of relocation specialists is that they can take an independent buyers' eye view of the market. James Wilson reports a lot of buying interest right now in prime London properties. "London looks very exciting at the moment for people who are able to buy taking a two to three year view. It's no market for short term speculation, but from what I can see the interest is such that once there is a general perception that interest rates are on the way down again, London prices could move very briskly indeed – we could be talking of as much as 20 to 25 per cent in a year."

He sees family houses in Knightsbridge, Kensington, and Regent's Park as strong investment options and he regards Holland Park and Notting Hill Gate as areas with a number of properties representing particularly good value for money right now.

Not too many people can afford to have a search agent find and negotiate on their behalf for a £1.5m town house. But a survey by the Association of Relocation Agents (031-220-2505) shows that the average buyer-client of the ARA's 150-plus member firms seeks help to spend under £150,000. Search services are by no means restricted to the wealthy.



Regalian flats: buy half now, pay the rest later

Half a success story for Regalian

John Brennan on the achievements of a novel sales scheme

THE IDEA of 50/50 sales has been a 50/50 success for Regalian Properties. In a splash of publicity that spread a little unseasonal joy among the advertising sales departments of the national newspapers in February this year, Regalian followed Fairclough Homes and Abbey National's marketing initiative by offering its unsold flats and houses on a "pay half price now, half in five years time" basis.

What set Regalian's move apart was the scale of the sales drive. The company made its entire £180m residential stock available on that basis, offering nearly 800 units in and out of London. The overnight news was that Regalian's telephone lines were jammed with callers. Some 3,000 sales brochures were sent out as a result of the move, and 600 to 700 people visited Regalian properties in the first weekend after the announcement. David Goldstone, Regalian's chairman, was reported as saying: "The response has been way beyond our expectations and, indeed, our hopes."

Three months down the line Goldstone reports that actual sales through the 50/50 scheme total just £15m, with another £12.5 million possible sales. It's a far cry from the sell-out stories that circulated in the weeks after the announcement. So is Regalian's chairman downhearted? Far from it – although if he had spent hundreds of thousands of pounds on promotions and not sold a single flat it would be in character for David Goldstone to make a plausible explanation of why that was, in fact, a tremendous result.

As it is, he does have moderately solid grounds for arguing that: "From our point of view it has been, and continues to be, a dramatic success." The broad gap between initial interest and actual completions of sales has, as he says, to be seen against a background where "In February and March the market was non-existent. The odd property was selling, with some foreign buying and a lot of people looking for bargains. Otherwise it was dead."

Getting people to look at the properties, generating a solid amount of largely favourable press publicity, and achieving a number of sales . . . in Goldstone's view that adds up to a winning promotion. But what of the actual response?.

It seems, from Regalian's experience, that the postponed payment scheme has stronger appeal in relation to lower priced properties. These have tended to attract younger buyers who would not otherwise have been able to afford a property at that price, and who expect rising salaries to bring them into that buying range inside the five year period. Further up the price ranges, "when people are prepared to pay £300,000 or more they have an income of £40,000 or £50,000 and are reasonably sophisticated financially. They are more concerned about the capital gain they would forego," says Goldstone.

Since 50/50 purchasers can buy the balance of their property at any time in the subsequent five years at the then market valuation, that's a debatable point. More likely, such purchasers prefer to organise their finances to take advantage of immediate discounts available on unsold new properties, rather than pay even half the full asking price.

As for retirement property buyers, they are not, it seems, terribly keen on any such innovative marketing scheme. "It has not worked on retirement housing. I feel that people buying a retirement home are not particularly interested in being able to afford something that they know will cost more later."

Overall, it has brought people out to look at the properties, and it has helped to kickstart some life into the market. Regalian has no immediate plans to end its 50/50 scheme. "I think," says Goldstone, "that it would be quite wrong to say to people that they have to buy before a certain date or they won't get the benefit of the scheme."

He also feels that developers are now deterring buyers by the number of cut-price deals and soft-loan arrangements being offered. "I can see real dangers in this discount war going on. It does nothing to restore the confidence of purchasers to see many different marketing initiatives. People will be saying 'I'll wait to see what's next.'"

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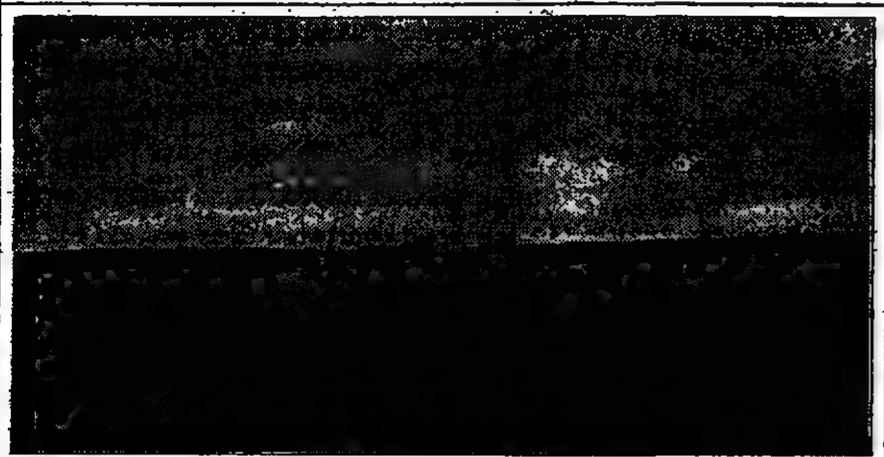

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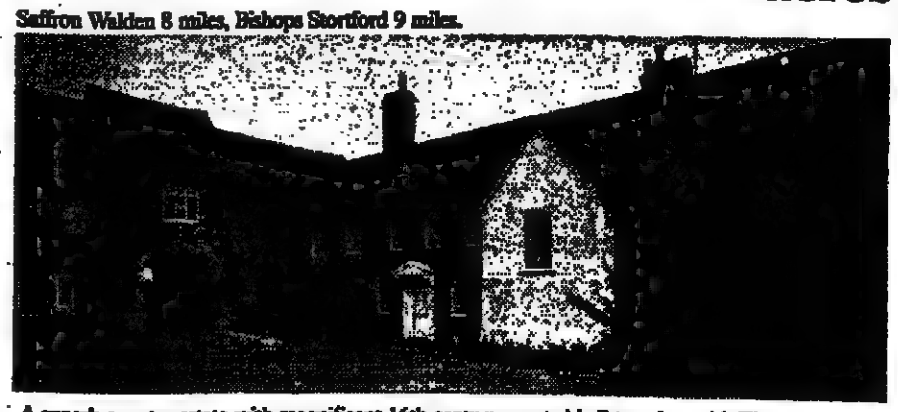

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DESPATCHES

"It is like living in a forest where there are different types of trees. Like a community, all living together. If one type of tree is taken away then the forest, even the soil will be changed. The Germans are already gone. The Jews were killed." (Sandor Kanyadi, ethnic Hungarian poet from Transylvania).

A conflict born of tyranny

***Judy Dempsey** in Transylvania talks to a group of ethnic Hungarian intellectuals who feel betrayed by recent events in Romania*

Paul Driscoll

Ethnic Hungarians: feeling betrayed by the changes in Romania

ON A cool but sunny weekend, hundreds of ethnic Hungarians recently gathered in the old Habsburg city of Oradea in Transylvania, northern Romania. The city is about five kilometres from the Hungarian border. But it is a world apart from the bustling, energetic life of Budapest, and even of Debrecen, the "capital" of eastern (and once gentry-dominated) Hungary.

There are no neon signs. No brash advertising bill-boards. No buskers. No hint of western/capitalist influence. For 45 years of communism, including a quarter of a century of Ceausescu rule, Oradea had been locked in a time capsule.

The wrought-iron gate to the synogogue is chained with a heavy lock, just like the Jewish library, testimony to the destruction of a community which once made up 60 per cent of the city. The main square is flanked by Lutheran, Orthodox and Catholic churches, evidence of a once rich co-existence of Saxons, Romanians, Hungarians and Jews, who together before 1918, made Oradea famous for its writers, poets and artists.

It was to Oradea – Nagyvarad in Hungarian – that the ethnic Hungarians had come from all over Transylvania and from other parts of Romania to discuss what kind of political role they could play in the reconstruction of political life four months after the overthrow last December of the Ceausescu regime.

In such a setting, the atmosphere should have been ebullient. Under the ancient regime meetings by ethnic Hungarians, and for that matter all independent gatherings, be they Romanian, ethnic German or otherwise, had been banned.

Instead, the mood in Oradea reeked of pessimism, fuelled by a suspicion that the Revolution had been hi-jacked by opportunists who bowed to the rising call of the restive nationalists.

The two-million strong ethnic Hungarians, Europe's largest minority, had placed great hope in the Front for National Salvation which had been catapulted into power after December 23. The FNS, buoyed by a revolutionary fervour which touched every Romanian in the early days of the Revolution, promised a society free of repression and one which would be based on tolerance and human rights. And one of its first promises was to restore to the ethnic Hungarians their cultural rights which had been systematically eroded under Ceausescu.

"The turning point came when the Front declared in January that it would stand in the elections," (which took place on Sunday) said Karoly Kiraly, a former member of the Communist Party's central committee. He had fallen out with the Ceausescu regime when, in the late 1970s, he spoke out in defence of the ethnic Hungarians.

That Sunday morning, as he spoke to a packed hall, his passionate speech gave way to a staccato of sobs. Tired of defending his record under the old guard and disillusioned about the fate of the ethnic Hungarians, he had little will left to remain an active member of the Hungarian Democratic Alliance of Romania, which had been set up in late December to fight for the restoration of the rights of the Hungarians.

The conference slogans, aimed at conveying some sense of hope for the Hungarians, hovered above his head:

"A home in a country."

"Unity is the future."

The slogans rang hollow after what had happened in Tirgu Mures.

On Monday March 19, ethnic Hungarians and Romanians stood at opposite ends of the square in Tirgu Mures, once described as a "stupid militarist town," whose history was often marked by ethnic conflict.

They wielded axes, pitch forks and shovels. This was no collective call to help with the spring sowing, a favourite and much-abused method by Ceausescu aimed at overcoming the gross neglect of agriculture. Instead, it was a call to a day of extraordinary bloodshed which stunned Hungarians and Romanians alike. During that day the square was turned into a battle field. Scores of people were injured or killed in an outburst of violence, engendered by nationalism and deep distrust between Romanians and Hungarians.

The spark which set the fuse alight was March 15, a day which remains part of the Hungarian consciousness when, in 1848, Hungarians rebelled against their Habsburg overlords in Vienna. Until this year, any commemoration of that day was banned in Hungary, not to mention Romania.

The ethnic Hungarians in Tirgu Mures used the occasion to try and press peacefully their demands for the re-opening of a Hungarian-language lycee which had been closed by Ceausescu. They had support from their Hungarian confreres in Cluj, once a great cultural centre of Transylvania. But there was little support from among the Romanians in Tirgu Mures.

Some were confused, since they felt that their children would be summarily expelled from the school which would be taken over by the Hungarians; others felt that they would be made second-class citizens. That is what the Vatra Romaneasca kept telling them.

"Vatra Romaneasca [The Romanian hearth] is a cultural movement," explained Octavian Capatina, a Romanian computer scientist who spoke halting English and French. He sat in a sparsely-decorated office in the cultural centre in Cluj. "All Ceausescu wanted to do was to redress the balance and end the special privileges which the Hungarians had held here in Romania after the Second World War."

Then, the top echelons of the Romanian Communist Party were dominated by ethnic Hungarians, many of whom were Jewish. As in other countries of eastern Europe, the Jews – or what few survived the Holocaust – were identified with the emergent communist leaderships and its secret police.

"I do not believe in our government because our government is a Bucharest one – not a Romanian one," says Capatina. "The government consists of former communist party members. They do not know our history. Some of them are too 'democratic,' or too 'European.' Some were 'internationalists' in the 1921-1964 period."

"We were but simple servants who had to lie," explained Mircea Dinescu, the shy, elusive doyen of Romanian poets to his Hungarian hosts.

They met in an old government mansion perched high above Budapest which was once used by Matyas Rakosi, Hungary's arch Stalinist whose ruthless methods precipitated the 1956 Hungarian Uprising. The cameras and microphones were switched off. Nevertheless, you could cut the air with a knife.

Gyorgy Konrad, one of Hungary's best-known writers, was there. So was Istvan Csoori, the veteran campaigner for the cultural rights of those Hungarians living outside his country's borders. They were flanked by prominent Romanian intellectuals, the first time for decades in which independent writers from both countries could freely exchange views.

"It is a miracle that we can sit here," said Dinescu, who was speaking just a day after the blood-letting in Tirgu Mures. There was silence. Years of censorship and mutual suspicion had broken the back of communication and understanding.

Dinescu continued. "Down there, the people are killing each other. But there is a hidden link in this phenomenon. Over the past forty years, the Romanian people had mental desires but they were morally and psychologically alienated. We now witness a fever of recovery. But now, after a deep and cold winter, we are beginning to move out of the icy waters. But it is difficult to swim in the water when you are not used to the waters of democracy."

His words were echoed by Victor Barsan, a Romanian priest who had sent an open letter to the meeting. "For too long, the co-existence had led to a complex superiority and inferiority between the two nations [Hungarian and Romanian]. We will have to find ways of successfully dealing with these relations. There is much confusion because the Bolshevik ideology stressed that every nation had to be the chief in their own country. That gave birth to intolerance towards the minorities."

Ceausescu tapped Romanian nationalism just as much as his predecessor, Gheorghe Gheorghiu-Dej, who had directed it against the Russians to galvanise his support at home. Ceausescu did much the same but included all the minorities. The impact was greatest in Transylvania, a region so long a bone of contention between Hungary and Romania.

Under Ottoman and Habsburg rule, the "land beyond the forest" was a rich melting pot of cultures, recognised by the Union of Three Nations in 1437. After the destruction of the medieval Kingdom of Hungary at its ignominious defeat by the Turks at the Battle of Mohacs in 1526, the region managed to retain an autonomy between the Habsburgs and the Ottomans. But in 1867, despite opposition from the Transylvanian Romanians and Saxons, the ethnic Hungarians opted for union with Hungary.

The Hungarians, far from being reluctant nationalists, embarked on an intense policy of Magyarisation which not surprisingly turned other minorities against Budapest in 1918 when the Treaty of Trianon ceded Transylvania to Romania.

Hungarians bitterly nursed the loss of two-fifths of their territories, a loss which was partly healed by Hitler who played off Bucharest against Budapest by annexing part of Transylvania to Hungary. But it was a short-lived reunion.

"I remember the day Ceausescu came. It was May 19 1959," said Orban Melinde, an ethnic Hungarian academic from the University of Cluj.

"Laszlo Szabedy, the rector of the University, had been ordered to merge the Hungarian-language Bolyai University with the Romanian-language Babes University. We met in the Academy of Sciences. Ceausescu was very angry. He called us fascists because we wanted to retain our own language schools. During the break, I met Szabedy in the street. He said to me, 'If there is no life, perhaps there is death.' The following day, he stretched his body across the railway tracks. After that, we were banned from teaching for a year.

Today, Cluj, once a city of the Hungarian belle epoque, is a delapidated, dusty, city.

In an attempt to industrialise and modernise the region at breakneck speed, Ceausescu migrated to Cluj and other Transylvanian towns tens of thousands of Romanians from the Regat – the old Romanian Kingdom of Wallachia and Moldavia.

The migration was two-way. Ethnic Hungarians were "encouraged" to seek jobs outside their own towns and villages by often working in the Regat. People from the Regat, uprooted from their Balkan, peasant and Orthodox traditions, co-existed uneasily with the fading civil society of the Transylvanians. The upshot was that the balance between the indigenous ethnic groups were irreparably damaged.

Those very ethnic and social conflicts, which the Romanian communist party and Ceausescu proclaimed had been solved long ago,today find succour in nationalism exploited by theVatra Romaneasca. Finding a home for the minorities will be the awesome task facing the new Romanian Government.

SUMMER FESTIVALS

Culture round the continents

The FT critics offer their personal guide through the minefield of arts events over the summer

AIX-EN-PROVENCE
July 12-29
Palais de L'Ancien Archevêche, 13100 Aix-en-Provence, France Tel: 42231120
Aix continues to maintain its position among the world's most interesting music festivals: its mixture of grand 18th-century opera (this year, Rameau's *Les Indes galantes*, done by the splendid "authentic" group Les Arts Florissants) and Mozart (a new production of *Die Entführung*) is almost always balanced with flair.

ALDEBURGH
June 8-24
High Street, Aldeburgh, Suffolk IP15 5AX Tel: 0728 452935
After the deaths of Britten and Pears Aldeburgh is re-emerging with a strong lively image under the direction of Oliver Knussen and Stuart Bedford and has spread its net ever wider: featured composers this year are Elliott Carter, Aaron Copland (including a semi-staging of his opera *The Tender Land*) and Alexander Goehr (a specially commissioned song cycle and a rare production of his music-theatre *Triptych*), while recitalists include Annie Fischer and Aldeburgh veteran Dietrich Fischer-Dieskau.

ALMEIDA
June 14 - July 14
Almeida Theatre, Almeida Street, London N1 1TA Tel: 071-359-4404
"The Europeans have been sending the Americans their operas for the past 150 years and now I'm sending them all back." So says John Cage, whose *Europera 3 & 4* is one of three operatic offerings at this year's Almeida Music Festival, tenth in the history of Islington's converted observatory but first for its new artistic directors Ian McDiarmid and Jonathan Kent. They inherit a budget swelled by a £25,000 award from Prudential, which has been ploughed into new festival commissions — among them the Cage opera. The new directorate's roots are in theatre rather than music, a feature reflected in its music-theatre programming — including a three-event 90th birthday tribute to Kurt Weill and a Music for Words tribute to the late, great Samuel Beckett.

BATH
May 25 - June 10
Pierrepont Street, Bath. Tel: 0225-463362/466411
Bath's air of genteel civility may seem an ideal location for an arts festival, but since the passing of the heady years of William Glock and Michael Tippett's directorships it has struggled to redefine its identity. Spain is this year's theme and there is an impressive array of performers to deliver it. Piano lovers might cherish the recital series — Bishop-Kovacevich, Ousset, Frankl and Vasary, Brendel — contemporary music is represented by Dutilleux and a visit by the Ensemble Intercontemporain. The festival has pulled off a coup by bringing two magnificent dancers from the Paris Opéra, Jean Guizerix and Wilfride Piollet in a programme by Balanchine, Cunningham, Monque Lancelot, plus the exceptional *Nouvelle Lune* by Andy de Groat.

BAYREUTH
July 25 - Aug 28
Postbox 100262, D-8580 Bayreuth 1 Tel: 921-20221
The Festspielhaus, with its unique atmosphere and acoustic, is not a place for the faint-hearted, for anyone with a Wagner phobia or for those who failed to have their ticket bookings confirmed by March. The new production this summer is *Der Fliegende Holländer*, staged by the Munich theatre director Dieter Dorn and conducted by Giuseppe Sinopoli, with Bernd Weikl as the Dutchman and Elisabeth Connell as Senta. The Kupfer-Barenboim production of *The Ring*, distinctive for its laser technology and a cast full of British singers, enters its third year with critical opinion still sharply divided about its merits. A wintry, pictorial production of *Lohengrin* by the German film director Werner Herzog and Wolfgang Wagner's uninspired *Parsifal* staging are also carried forward from previous years.

BERLIN
Sept 1 - 30
Budapest Strasse 50, D-1000 Berlin 30 Tel: 3025489-0
Political events ensure that the Berlin Festwochen will be a focus of attention this year. The Berlin Philharmonic Orchestra is the mainstay of events, with five pairs of concerts under conductors including Claudio Abbado and Simon Rattle. Leading musicians who live in Berlin, such as Dietrich Fischer-Dieskau and Julia Varady, are foremost among the soloists in a high-class series of recitals. A visit from the Staatsoper of Dresden promises a dash of controversy with a production of Strauss's *Elektra* by the renowned Ruth Berghaus.

BREGENZ
July 20 - Aug 22
Postfach 311, A-6901 Bregenz, Austria Tel: 5574-22811223
Peaceful Bregenz has been snuggled at the eastern tip of Lake Constance for over 2000 years. The festival includes orchestral and chamber concerts and some theatre, but two operas are its principal attractions each year. One is staged on the water and on a high-tech artificial island, before huge lakeside audiences: this year, a repeat of Wagner's *Flying Dutchman* in the spectacular Pountney/Lazaridis production. The other is a rare revival of Catalani's *La Wally*, newly produced by Tim Albery.

BRNO
Sept 27 - Oct 7
The Secretariat of the Brno International Festival, Nam. Svobody 11, 65878 Brno Tel: 5-271-51
This unspoilt East European festival offers an unparalleled celebration of the centenary of the birth of Bohuslav Martinu, with five of his Martinu operas performed by Czech ensembles.

BUXTON
July 21 - Aug 11
Opera House, Water Street, Buxton Tel: 0298-72190
Begun over a decade ago, as a bold enterprise based on the jewel-box of a small theatre at the heart of this lovely spa town, Buxton has in recent seasons shown itself short of money and unlucky in its repertory choices. This year's programme — a "Voltaire Festival" — has as its operas Rossini's *Tancredi* and Grétry's little-known *Le Huron*; also, recitals by Willard White, Amanda Roocroft, Anne Howells/Pascal Rogé, and Giuseppe Di Stefano.

CHELTENHAM
July 7 - 22
Town Hall, Imperial Square, Cheltenham, GL50 1QA Tel: 0242-523690
The time has passed when the "Cheltenham symphony" was the epitome of everything conservative about British contemporary music, but Cheltenham still sometimes seems to hanker for the old traditional days. Tippett is composer-in-residence this year to celebrate his 85th birthday, and there are memorials to two Cheltenham habitués, Lennox Berkeley and Racine Fricker. But there is a more radical fare — Birtwistle, Bainbridge, Woolrich — and as always plenty of good chamber music every morning in the nostalgia-steeped Pump Room.

DROTTNINGHOLM
May 31 - Aug 29
Drottningholms teatermuseum, "Föreställningar", Box 27050, S-10251 Stockholm, Sweden Tel: 8-6608225/6608281
The court theatre attached to the palace of Drottningholm counts as one of the world's most important receptacles of operatic history. The small theatre, built in 1776, houses working 18th-century stage machinery: to see and hear a performance there is to have one's understanding of the medium immeasurably deepened. This year's fare is the little-known *Gustav Adolf och Ebba Brahe* by Vogler and, conducted by the festival musical diretor Arnold Ostman, Mozart's *Entführung* Gluck's *Iphigénie en Tauride* and Mozart's *Clemenza di Tito*.

EDINBURGH
Market Street, Edinburgh Tel: 031-226-4001. (Fringe Festival, Tel: 031-226 5257)
Art:
Several major exhibitions coincide with this year's Edinburgh Festival, the most notable being *Cezanne and Poussin: the classical vision of landscape*. *Scotland's Pictures* is to fill the Royal Scottish Academy. *Dynasty: the Royal House of Stuart*, is a more historical and documentary show loaded with memorabilia and *objets d'art*. The Scottish National Gallery of Modern Art is showing Wols and Kokoschka.
Dance:
The festival offers classical Korean music and dance; the wonderful Cumbre Flamenca troupe; a mixed show of dance, mime and puppetry (words to strike terror into the soul) from Philippe Genty; American Indian dancers and a visit from the Cleveland San Jose Ballet with Rudolf Nureyev as guest.
Music:
The main theme is the music of Martinu. The Slovak National Opera and Ballet perform *Julietta*, known here through a few performances at the Coliseum, in an eclectic repertory which includes Eugen Suchon's 1949 *The Whirlpool*, *Prince Igor* and, rather oddly, Gounod's *Faust*, complete with balletic contributions. The Bolshoy Opera's production of Prokofiev's Sheridan-inspired *Betrothal in a Monastery* is one of three operas presented in collaboration with Glasgow - which gets the other two.
Theatre:
Another 1990 Edinburgh theme is the Pacific. The local boy who united Edinburgh and the South Seas was Robert Louis Stevenson and the Festival's own drama production, by Festival Director Frank Dunlop, is a special adaptation of *Treasure Island*. Once again Japan figures largely. The Ninagawa Company returns, this time eschewing Shakespeare and Euripides in favour of a Mishima adaptation, preceded by a Noh dance drama with the famous Yukio Yoshimura making his first appearance outside Japan. Three other Nipponese companies include the Chijinkai with its satirical *Great Doctor Yabuhara*. National theatre and dance companies come from Korea, and the Kathakali classical Indian dance-theatre with their colourful version of *King Lear*. The Antipodes send *Greek Tragedy*, a characteristically improvised piece by our own Mike Leigh. And New Zealand sends a *Hedda Gabler* set in 1950s NZ.

EPIDAUROS
June 29 - Aug 25
1 Voukourestiou Str, GR-10564 Athens Tel: 1-3230049
Theatres don't come much older or more atmospheric than the magnificent amphitheatre in Epidaurus: dating from the 4th century BC, it seats a cool 14,000 and is accoustically perfect. Watching the National Theatre of Greece perform Aeschylus' *Persians* is probably the nearest you will get to the experience of ancient Greek theatre-going.

FLANDERS
until Oct 17
Eugeen Flageyplein 18, B-1050 Brussels Tel: 2-6481484
The Flanders festival embraces most Belgian cities in the course of the summer, but Bruges, Ghent and Brussels are the focal points. The more interesting events include a concert in Brussels by Frans Brüggen and the Orchestra of the 18th century, Guy de Mey singing *Die Schöne Müllerin* at the Monnaie, and concerts by Jos van Immerseel and his Anima Eterna ensemble.

GLASGOW MUSICA NOVA
June 22 - July 8
Festivals Office, City Chambers, Glasgow Tel: 041-227-5429
Every three years the Scottish National Orchestra and Glasgow University combine for a week of contemporary music, concentrating on an international group of four composers. This year's programme, the eighth, chimes happily with Glasgow's year as the cultural capital of Europe. The chosen quartet of composers are John Cage who supervises the premiere of his *Scottish Circus* by the Scottish trad. group The Whistlebinkies, Wolfgang Rihm (a commission for the SNO), Nigel Osborne (a new violin concerto for Ernst Kovacic) and the highly praised 31-year-old James Macmillan (a new piano concerto for Peter Donohoe).

GREENWICH
June 1 — 17
151 Powis Street, London SE18 6JL Tel: 081-317-8687
The place itself adds hugely to the attractions of the Greenwich programme. Concert performers include the cellist Felix Schmidt (festival resident musician), the Trio Zingara, the harpist Ieuan Jones, the RPO, the Consort of London, and the Thomas Tallis Society Orchestra and Chorus; the World Music and jazz events look to be the most promising.

Merce Cunningham Dance Company: Points in Space

HELSINKI
Aug 23 - Sept 9
Unioninkatu 22, SF-00100 Helsinki Tel: 0-659688
The extraordinary explosion of contemporary music in Finland shows no sign of abating. The Helsinki Festival has commissioned works from a number of Finnish composers, including Meriläinen, Nordgren and Saariaho, in the knowledge that both state and public will ensure the events' widespread support. The programme also embraces visiting artists and this year's festival will include appearances by the Bejart Ballet and Staatstheater Stuttgart, James Galway and Rosalind Plowright.

HOHENEMS
June 16 — July 1
PO Box 100, A-6845, Hohenems, Austria Tel: 55762091
This is the small Schubert Festival started a few years back in the Western corner of Austria and now notable for its huge contingent of British Schubert-loonies and for its distinguished series of song and chamber-music recitals. This year's singers include Margaret Price, Helen Donath, Peter Schreier, Olaf Bär, Dietrich Fischer-Dieskau, Lucia Popp, Andreas Schmidt, Brigitte Fassbaender, and Julia Varady, with Graham Johnson, Geoffrey Parsons

HOLLAND
June 1 — July 1
Kleine-Gartmanplantsoen 21, NL-1017 RP Amsterdam Tel: 20-276566.
Once one of the most significant of the festivals started after the war, the Holland Festival has in recent years had its wings clipped by budgetary restriction. Though this year there's a rare production of Prokofiev's thrillingly sulphurous *The Fiery Angel* (with Marilyn Zschau as the possessed Renata and Riccardo Chailly conducting) and concert accounts of *La clemenza di Tito*, *Idomeneo* and *Die Frau ohne Schatten*, plus Dutch and German dance companies, and a mixed batch of orchestral, "period"-instrument and contemporary music concerts.

LEEDS
June 22-July 8
3 St Peter's Buildings, York Street, Leeds LS9 8AJ Tel: 0532-431900
This year's Leeds programme shows the revivifying hand of Michael Vyner, the Leeds-born London Sinfonietta artistic director, though sadly he died before being able to take up his first festival directorship. Opera performances are based on the city's home company, Opera North, who offer the British professional first performances of Nielsen's *Masquerade*, alongside Verdi's *Jérusalem* and the Ravel-Puccini double bill. The mix of concerts (notably the programmes of the English Northern Philharmonia, and CBSO, and the Sinfonietta "Response Weekend), "ethnic" dance and music, and theatre is stimulating.

LONDON, THE PROMS
July 20 - Sept 15
BBC World Shop, Bush House, Strand, London WC2 Tel: 071-2572575
On first sight this year's programme — some 66 events — seems to hint at retrenchment: greater emphasis on the standard repertory, more artful sandwiching of "difficult" new works into otherwise popular programmes. Mahler's Second Symphony kicks it off — a memorial performance for John Pritchard, and Britten's *War Requiem* is the final real musical event before the shenanigans of the Last Night. Between those choral spectaculars are concert performances of operas (the most interesting a period-instrument *Zauberflöte* conducted by Roger Norrington and a chance to reassess Tippett's *The Ice Break*), a clutch of visiting orchestras from overseas and the usual distribution of BBC commissions: the most intriguing of those might well be Poul Ruders' Symphony and Roger Marsh's *Stepping Out*, but the stylistic spectrum is wide

LUCERNE
Aug 15 - Sept 8
CH-6002 Lucerne Tel: 41-235582
The best planned and organised of European festivals, Lucerne manages each year to attract the largest number of leading orchestras and conductors — all within three weeks, without state subsidy, and in an idyllic Alpine-lakeside setting. Its theme is "Music at the turn of the century." Mahler, Reger, Zemlinsky, Busoni, Josef Suk and early compositions by the Second Viennese School are well represented. The festival's own orchestra, drawn from the leading Swiss ensembles, gives three concerts, including Martinu's oratorio *The Epic of Gilgamesh* and Jan Kubelik's Violin Concerto under Zdenek Macal.

LUDWIGSBURG
May 15 - Oct 6
PO Box 1022, D-7140, Ludwigsburg Tel: 7141-28035
Ludwigsburg's summer-long programme of symphonic, choral and chamber music concerts is mainly directed at the population in the area surrounding Stuttgart. Guests include Peter Schreier and Christa Ludwig. This year's opera is Mozart's *Entführung*, with the promising young Luba Orgonasova as Konstanze.

LYON
Sept 13 - Oct 6
Maison de Lyon, Place Bellecour, 69002 Lyon Tel: 78423950
The Lyon Biennale de la Danse will celebrate American dance with a wonderful listing of companies in a and far-ranging programme. Martha Graham, Merce Cunningham, Paul Taylor, Trisha Brown, Lucinda Childs and the Miami City Ballet are among the 17 companies performing here.

MUNICH
July 6-31
Bayerische Staatsoper, Max Joseph-Platz, D-8000 Munich 2 Tel: 89-2185
Experience of Munich festivals in recent years has suggested that its purpose is now lost: while the new productions may throw up some exciting surprises, the other items on the schedule (Mozart, Strauss, Verdi, Wagner) can too easily degenerate into under-rehearsed International Routine, with "name" visitors flying in and out and opera-as-drama an all but unattainable goal. The new shows are the Orff triple bill and, in the wonderful little Cuvilliés Theatre of the Residenz, Mozart's *Mitridate, re di Ponto*.

PESARO,
Aug 1-19
Rossini Opera Festival, Via Rossini, 37 Pesaro, Italy Tel: 721-33184
Pesaro's great problem is that one day it is going to run out of rare Rossini works to revive. Fortunately, there are still several left and the Pesaresi are not afraid of repeating themselves. This year's novelty is *Ricciardo e Zoraide* a work from 1818, Rossini's Neapolitan years. The programme also includes an earlier piece, from 1812, *La scala di seta*.

PRAGUE
May 12 - June 2
W. Piecka 28, CS-11000 Prague 10 Tel: 2- 734832/2312367
The Spring festival enters its final week with several important Martinu centenary events still to come — the ballet *Spalicek*, a symphonic concert conducted by Walter Weller. and the operas *Julietta*, *Ariadna* and *Three Wishes*. The festival gives Czech audiences their first chance to hear major Western artists like Leonard Bernstein. The organisers' dilemma is that they want the festival to remain uncommercialised and accessible to the people of Prague, but they need hard currency.

RAVENNA
July 1-31
Via Gordini 27, 1-48100 Ravenna Tel: 544-32577
After several changes of administration the Ravenna Festival is now in the solid hands of a Ravenna Manifestazioni Foundation, whose honorary president is Signora Cristina Muti, wife of Maestro Riccardo Muti, who opens this year's festival with a gala Mozart concert, conducting the Filarmonica of La Scala (Linz Symphony and Requiem). Another much-awaited event is the new production of Salieri's rarely-given *Les Danaïdes* designed and staged by Pier Luigi Pizzi and conducted by Gian Luigi Gelmetti.

ST LOUIS
May 25 - June 24
Box 13148, St Louis, Missouri 63119 Tel: 314-961-0644
This is probably the freshest and most enjoyable of the American opera festivals: unstuffy (all works done in English), relaxed in atmosphere (picnics on the lawn of the Loretto-Hilton Theater). Imaginative in repertory choice, its casts and production teams filled with youthful adventurousness. This year's opera composers are Dvorak (*The Devil and Kate*, the rarity), Mozart (*Figaro*), Donizetti (*Daughter of the Regiment*), and Britten (*Peter Grimes*).

SALZBURG
July 26 - Aug 31
5010 Salzburg, PO Box 140, Austria Tel: 662-842541
Karajan is gone, but some of his productions continue — and the astounding ticket-prices incurred by his grand plans. This time there are revivals of Fidello under Masur, Hampe's *Cosi* and *Don Giovanni* productions under Muti, *Ballo in Maschera* under Solti with Domingo and Josephine Barstow and the Strauss *Capriccio* with Tomowa-Sintow's Countess in Schaaf's high-gloss staging. Ozawa conducts a new *Idomeneo* with Langridge, Hollweg and Cheryl Studer. There is an "*Orfeo* cycle" — Monteverdi's opera, Gluck's, Haydn's and Krenek's in single concert-performances — and the usual rich menu of orchestral, chamber and solo music and *Lieder*, as well as theatre.

SANTA FE
June 29 - Aug 25
PO Box 2408, Santa Fe, New Mexico, 87504-2408 Tel: 505-982-3855
It may be hard to concentrate on the stage when the landscape of New Mexico is offering its own spectacular light show, but the festival in Santa Fe's open-air opera house has consistently programmed worthwhile novelties alongside the staples. Many contemporary European works have made their first American landfall at Santa Fe, and Richard Strauss has been a long-standing speciality of the director John Crosby. This year the programme includes *Ariadne auf Naxos*, alongside *La bohème*, *Così fan tutte*, Gluck's *Orfeo* and the American premiere of *Judith*, by the East German Siegfried Matthus.

SAVONLINNA
June 30 — July 28
Olavinkatu 35, SF-57130 Savonlinna Tel: 57-514700
Olaf's castle — Olavinlinna — is a gaunt stone shell poised on the edge of a South Finnish lake near the town of Savonlinna. It provides one of the world's most impressive outdoor locations for opera. This year includes a much-admired modern Finnish opera, Paavo Heininen's *The Knife*, plus *Aida* and *The Flying Dutchman*, and a visit from the Nikikai Opera of Tokyo. Also, song recitals (Sona Ghazarian, Peter Schreier, Soile Isokoski, Sarah Walker, Tom Krause, Brigitte Fassbaender) and orchestral concerts.

SEATTLE
July 2 - Aug 5
PO Box 4248, Seattle, Washington 98104 Tel: 206-3221980
Seattle's habitual concentration upon Wagner switches this year to another epic, Prokofiev's *War and Peace*, but given the same intensive treatment, with a programme of seminars and lectures built around the performances in the opera house.

SPOLETO
June 27 - July 15
Teatro Nuovo, Spoleto 06049, PG Italy Tel: 743-40265
The festival takes it character from its physical setting in a medieval Umbrian town and from its prime motivator, Gian Carlo Menotti. Festival-goers who remember it from the early years say it has become too hectic. often This year includes the European premiere of the new Philip Glass opera *Hydrogen Juke-Box*, based on poems by Alan Ginsberg and staged by Jerome Sirlin (set designer for Madonna). There is also a staging of *Elektra* by Günter Krämer and a large helping of German contemporary music conducted by the festival's music director, Spiros Argiris. *Le nozze di Figaro*, staged by Menotti, has a typical Spoleto cast of up-and-coming young singers.

THREE CHOIRS
Aug 18-25
Briar Cottage, 122 Henwick Road, Worcester WR2 5PB Tel: 0905 613988
At Worcester Elgar's *Dream of Gerontius* is restored to its rightful place of honour on the last night. Mahler's Eighth Symphony gets the festival underway, when the choirs of all three cathedrals (Gloucester and Hereford as well) join forces with the RLPO under Libor Pesek. That looks to be highlight of an otherwise standard week, though the world premiere of a St Nicholas Mass by Musorgsky is promised, and the BBC Philharmonic gives an orchestral concert under Downes. The new British work is George Lloyd's Twelfth Symphony.

VIENNA
May 12 - June 16
Lehárgasse 11, A-1060 Vienna. Tel: 1-5861676-0
Apart from the revival of Schubert's *Fierrabras* in the outstanding Berghaus/Abbado production, the State Opera and Volksoper offer an uninspiring standard repertory. The festival pays tribute to the Austrian composer Ernst Krenek on his 90th birthday by staging his three one-act operas at the Messepalast. Nikolaus Harnoncourt's concerts at the Musikverein are recommended and there are visits by orchestras from Moscow, Munich and Leipzig. The theatre programme includes three different productions of *Hamlet*. — by Jurgen Flimm, Andrej Wajda and George Tabori. Hamburg's Thalia Theatre brings a Robert Wilson spectacular and plays by Brecht and Chekhov.

WARSAW
Sept 14-23
Rynek Starego Miasta 27, PL 00272, Warsaw. Tel: 22-310607
One of Europe's most important festivals, the Warsaw Autumn contemporary music festival, founded in 1956, has managed to keep its innovative touch through the vicissitudes of the past decade and continues to provide a guide to trends in serious music. This year's event includes another rich crop of premieres. Andrzey Panufnik returns to conduct the Warsaw National Philharmonic and most of the other major Polish orchestras and conductors will be taking part. The Moscow Philharmonic will play new music from the Soviet Union.

ZURICH
May 13 - 15 July 15
Präsidialabteilung der Stadt Zurich, PO Box CH-8022 Zurich Tel: 1-216311
The Swiss writer Gottfried Keller (1819-1890) is the thematic link at this year's June festival, which is re-establishing its identity after a flat period in the 1980s. Composers are inspired by Keller's texts include Alexander Zemlinsky, whose opera *Kleider machen Leute* will be given a rare concert performance, and Othmar Schoeck whose well-crafted song cycles can be heard. There is also a concert at the Villa Wesendonck of music by Wagner and his Zurich contemporaries. A new work by Wolfgang Rihm, commissioned by Paul Sacher, will be premiered by the Collegium Musicum Zurich. Opera House performances of *Il trovatore* (with multiple casts) and *The Ring* (unimaginatively staged and conducted) are best avoided.

TRAVEL

Urban idyll: a wander along the Wandle

Roger Beard finds a riverbank Arcadia in the heart of the suburbs

AS A younger man, serious walking carried with it the gravitas of stout boots, back-packs, route maps and buckets of rain – fuelled by the pemmican of the provinces, Kendal mint cake. It was, on reflection, the hobby of a pervert.

What is more, the intervening years have done nothing to change this view. The high fells, the Welsh mountains, even the glories of the Western Highlands, are best left to the fanatic. Serious walking is strictly for the sheep, unless the ground is flat.

Urban walking is different. It takes you through unlikely territory, never ceases to surprise, can swiftly be abandoned in wet weather and is always close to a bus stop or cab rank. Nowhere is this more true than on London's least landed river, the Wandle.

The 10 miles of the Wandle from Wandsworth Creek to Carshalton demand little from your feet but a good deal from your imagination. To start with, in its closing stretches the Wandle is the town drain, conduited in concrete and lined with bedsteads, beer cans and the odd dead dog.

Add the detours through the *housing estates of Colliers Wood* and the industrial dereliction of the southern reaches of the London Underground's Northern Line, and you might be forgiven for abandoning the Wandle after the first few miles. Persist, though, and you will discover something special, for along its course the river shelters some spectacular country in the depths of the metropolis. As a committed North Londoner, I had never heard of it, and my equally committed South London wife considered it a sewer. We were both wrong. It is a gem.

Kings and clergy knew it centuries before the factories took over. Its last trout fishery only disappeared with World War 1. It was where William Morris and Liberty's designed and printed their fabrics and wallpaper. Like Coalbrookdale or Foxton, the Wandle valley skirts the walls of industrial history.

More astonishingly, part of that history is still visible among the water meadows and deer parks that are hidden behind the ugly sprawl of suburban Surrey. You can touch it, you can picnic in it, you can walk its length. You will meet few people and at times you will be as alone as on top of one of those high fells.

Starting at Waddon Station, one stop down the line from Wallington, the Wandle trail brings you quickly to Beddington Park, where the river divides into a maze of channels, lakes and islands. Beddington is on the earliest Elizabethan maps in much the same shape as today, now as then overlooked by Carew Manor with its Tudor Great Hall and farm outbuildings.

A school now, the manor has been municipalised, but if you half close your eyes on a late summer's evening you might still make out the ghost of Sir Nicholas Carew, befriended and beheaded by Henry VIII. Even the lake here was once a mill pond, when the mills of the Wandle fed the burgeoning population of London.

Moving north, and detouring along dreary suburban roads (the river cannot yet be walked its entire length), you come to one of the three jewels in the Wandle crown, Mitcham Grove, and the 12-acre Watermeads secret garden, physically locked away from prying eyes by sturdy National Trust padlocks. Join the Trust and you are eligible for a key, or phone the warden and he will lend you one for a fee.

Watermeads is truly wild, while across the river the 18th century white clapboard Fishermen's Cottages are as good as any in Suffolk or Sussex. It is a magic place, the more so because of the mundane Thirties architecture for miles around it. The private owners of the cottages are sitting on a riparian goldmine, behind a water mill, in front of a nature reserve, surrounded by suburbia. Their site is unique in London.

It is a strange river, this Wandle. Half a mile from its banks you are presented with quite the worst architecture and urban planning modern man has produced. Closer in, the river exerts its own civilising effect, and nowhere more so than at Morden Hall Park. Held by two families for 400 years, and now in the trusteeship of the National Trust, words will not do for this place. You need to be there, among the waist-high grass, in the shade of an oak, on a warm summer's evening. London is locked outside the Tudor brick walls while *you* are in a classic meadow, with nobody to disturb the illusion.

For an illusion it is, sandwiched between the unpromising wastelands of Merton and Morden, the southernmost station on the Northern Line. A masterpiece of landscaping in a confined space, the Wandle here twists, turns, and bubbles as happily as any country brook. Then, quite suddenly, it changes, becomes more serious, more industrial.

You are still walking through meadows, with the river to your right, but all around are the signs of previous industrial occupation – the first clue to the undoubted highlight of the Wandle walk: the Liberty silk printing works at Merton Abbey Mills, a set of listed buildings lovingly restored and now re-opened as an arts and craft centre.

Merton Abbey is where Arthur Liberty printed the fabrics that became his trademark, and close by the "seven acres of lush water meadow" that the idealistic William Morris chose as the manufacturing centre for his Arts and Crafts movement. Its £1m restoration was majorly funded by Sainsbury's, which itself has a modern megastore across the main road.

It is very well done indeed. English Heritage donated £10,000, and the great cast-iron waterwheel is again turning, while the collection of late as well as early industrial buildings has been put to uses that Liberty and Morris would have found close to their own hearts.

It is the little touches which mark it out, the use of the cast-iron columns from the old Folkestone Harbour railway station in the new pavilion, the careful re-facing of the 18th century buildings, which stood in some danger of obliteration, despite their listing. The "new" Merton Abbey Mills will rapidly become a must on the historic London visiting list.

Of Merton Priory itself, the remains are scant, but what there is has been preserved. The speed of the destruction of this national monument was awesome. Henry VIII was handed the keys on April 29 1538. A week later his demolition men had moved in.

Three hundred years later, in the 1840s, another generation of wreckers did the same to the last home and love nest of Horatio Nelson and Emma, Merton Place. The Nelson connection is still recalled through the names of the local pubs, but of the house there is no trace.

Glyn Genin

Lazy days on the Wandle, a river with a myriad of moods

From here to the Thames the going becomes progressively more difficult, with long stretches of the Wandle culverted and inaccessible, and all of it suffering from that peculiar obsession of modern man, dumping. The lower Wandle yields a rich harvest of old prams, bikes and bedsteads.

It still has its moments, though, including the workmen's cottages along Wandle Bank opposite Wandle Park, the mill buildings of the Connolly Leather Works, the small monuments to now forgotten Edwardian urban improvers before the carnage of World War 1 bled the goodwill from society, and King George's Park at Earlsfield, where the river makes its final rustic appearance.

By dint of a deal of scrambling, you can snatch other glimpses of what by this stage is definitely becoming the town drain, but you run the risk of guard dogs and irate owners all the way to Wandle Creek opposite Hurlingham Park on the North bank of the Thames.

■ Further information: a map of the Wandle Trail (not fully up to date), and books on sections of the river, can be obtained from The Wandle Industrial Museum at 41 Hartfield Road, London, SW19, and of the Merton Abbey Mills Project from Merton Space Management at 3 Stamford St, London, SE1 9NT.

Travel Business

Thinking small

WHILE BRITAIN'S big package tour operators are coming to terms with a 20 per cent decline in the overall level of mass-market bookings this summer to popular Mediterranean resorts, specialist travel companies, which aim to fill niche destinations that the large players miss, report a buoyant season.

A survey from the Association of Independent Tour Operators, which represents 65 travel specialists, suggests that bookings through small operators are actually 20 per cent *up* this year.

"Of course it's easier for a small company carrying a few thousand people to increase its sales dramatically than for one selling 30,000 holidays or more," admits Mike Bruce-Mitford, AITO chairman and director of VFB Holidays. "But we wanted some hard facts to support our gut feeling that our businesses were out-performing the mass market operators."

The AITO survey shows that all the main holiday destinations are doing well, although Greece is enjoying the highest level of bookings with operators reporting sales some 22 per cent higher than last year.

AITO members tend to serve the lesser known Greek islands and areas of mainland Greece slightly off the tourist trail. "The film *Shirley Valentine* has doubtless played its part in the resurgence of holidays sales to Greece this year," says Don Cripps of the Greek Islands Club. "But we are also finding a lot of repeat business."

Another trend identified by the survey was the popularity of loosely-packaged fly/drive holidays, such as those offered by Sunvil Holidays, to Portugese manor houses and *pousadas* and Italian country houses. "AITO members are increas ingly noting that their clients want to experience the 'feel' of the country they are visiting," adds Bruce-Mitford. Away from the continent, specialist opera tors report that more exotic destinations – such as the Gambia – are very buoyant. The Gambia Experience, for example, has doubled its busi ness to the Gambia over the past year. "The market is for all types of holiday-makers," says director Stephen Wilde. "We have those wanting first- class travel, those wishing to trek upriver with backpacks, and —somewhere in between – those wanting a relaxing beach holiday." He also reports a growing number of bird watching enthusiasts booking holidays to the Gambia.

Bruce-Mitford admits that it is rather fashionable at present to book through a specialist operator rather than large companies such as Thomson or Intasun. "But people are becoming more confident about trying something differ ent from the run-of-the-mill package," he claims. "And, once sampled, they usually don't want to go back to the mass-market products."

■ ■ ■

William Davis, ex-City journalist, former *Punch* Editor, and latterly business tycoon with his Headway Publications group was this week venting his anger at some sections of the media and the Government who do not give Britain's tourist industry the credit it deserves.

Davis was speaking in his new role as chairman of the British Tourist Authority (and English Tourist Board), a job he took over last month. "I get very cross when I see silly articles in the Press about 'hordes' of tourists coming to Britain," he says.

"Tourism is an international business and we have to compete with other countries for our share of the tourist traffic," he adds. "It doesn't do our image any good abroad to feed this hysteria about tourists."

Davis is less scathing about the Government's role in the tourist industry. "I think that they sometimes take tourism for granted and forget about the revenue brought into the country and the jobs created," he says. "It's important to keep them on their toes."

In spite of the fact that Britain is *this year headed for another record* number of overseas visitors to top the 17.2m who came last year, Davis believes the emphasis should be on increasing their expenditure while in Britain rather than simply trying to boost numbers. His early priorities are also to improve the quality of the tourism infrastucture and to encourage visitors to try different parts of Britain.

■ ■ ■

The British Museum was London's top tourist attraction last year and outperformed the market in spite of rail strikes and the hot summer. It attracted 4.4m visitors, some 600,000 more than in 1988 and a million more than the next most popular attraction, the National Gallery.

The figures, from the London Tourist Board this week, show that the introduction by some museums of charges has reduced their popularity. The Science Museum, for example, saw its attendence figures halved from 2.4m in 1988 to 1.2m last year. Britain's most popular tourist attraction for which admission is charged remains Madame Tussaud's waxworks in central London with 2.6m visitors last year, slightly down on 1988.

David Churchill

MOTORING

The BMW 850i coupe. A sports car, luxuriously equipped, or a luxury car with sporting tendencies?

Fine way to take the ego for a ride

***Stuart Marshall** puts his foot to the floor in a couple of red-hot coupes*

THE BMW 850i coupe has the same relationship to the 750i as the Jaguar XJ-S has to the XJ6 5.3 V12. Both of these luxury two-plus-twos – a polite way of describing a two-seater with space only habitable by small, stoical children in the back – have been developed from large, luxury saloons.

They are living embodiments of Marshall's Law on coupes – that you always pay more for less. Mundane matters such as value for money rarely intrude into the acquisition of cars like the XJ-S or 850i. They reflect lifestyles, boost images or feed egos. For this, one has to pay.

True, a Jaguar XJ-S hardtop, dating back to 1979, costs only a trivial £700 more than the virtually obsolete but still surviving V12 saloon from which it was derived. Prices of the BMW 850i will, by all accounts, start at around £60,000 when it arrives in Britain in September. That is £10,000 more than the cheaper of the two 750i saloons sold here but (as Michelin says of three-rosette restaurants), in this class, price has no meaning.

By way of confirmation, the first year's UK allocation of 300 cars has already been over-subscribed by 150 per cent. BMW GB has asked the top 600 on the waiting list for £5,000 deposits to prove their orders are serious.

The car they will get is a gorgeous looking machine, stuffed full of electronic gadgetry and able to cruise at an unruffled 135 mph (220 kmh) on the autobahn. When I drove an 850i with 6-speed manual transmission for close to 1,000 km (620 miles) at the end of last week, I often saw 5,500 rpm in sixth and 260 kmh (161 mph) on the speedometer, though in theory an electronic governor limits the maximum to 155 mph (250 kmh).

The A9 autobahn from Munich to Berlin was swarming with Trabants and Wartburgs filled with East German families, heading for their first sight of the capitalist fleshpots to come. Back home, they have a 100 kmh limit – at which a Trabant must be close to disintegration – and East Germans can have had no idea how fast West Germans (let alone motoring writers on the loose in BMW's latest creation) tend to drive. So my exhilarating 260 kmh bursts were often followed by heavy braking as a labouring Trabbie or Wartburg pulled out to overtake a huge lorry.

Needless to say, the brakes were well up to it, though when I stopped to refuel a small boy asked me what was the funny smell. Sadly, my German was not up to "cooking brake pads."

I am not quite sure what role the 850i seeks to play. With the 750i there is no doubt: it is currently the world's best luxury executive saloon. But is the 850i a sports car, luxuriously equipped, or a luxury car with a sporting character? I am still uncertain.

It rides beautifully, despite its squat 235/50 Z 16 tyres (Pirelli P700Z on my test car) and has minimal road and wind noise. BMW has deliberately allowed the beat of the V12 engine to intrude when accelerating. "Sporting owners like it," an engineer explained, not entirely convincingly.

Cornering and roadholding limits are are so high one cannot responsibly approach them on public highways, though its steering feels less precise than I had expected. On winding roads there is a dead feeling around straight ahead. Move the wheel on the approach to a bend and for a split second nothing happens. So you apply a spot more lock, the car over-reacts and you have to unwind a little. Tense and nervous people can make any car show similar symptoms. Advanced driving instructors call it "threepenny bitting" because the car corners in a series of little jerks, not one smooth sweep. The 850i accelerates in a claimed 6.8 seconds from 0-100 kmh (62 mph). More relevantly, the engine is so flexible one hardly needs to use all six gears. Off the autobahn, starting in second, moving straight into fourth and then sixth seems natural for unhurried driving. For overtaking, dropping from sixth to fourth provides slingshot pick-up.

I tried an automatic 850i only briefly. But it was enough to confirm my opinion that a £60,000-plus, 300 horsepower V12 engined luxury car with a manual gearbox is an anachronism. Granted, the clutch is light – surprisingly so when it has to cope with 300 horsepower and massive torque (pulling power). But in slow moving traffic, I noticed uncharacteristic drive line roughness for a BMW when going from power-on to power-off in a low gear. The automatic transmission eliminates this.

Although the two-pedal 850i is much nicer in traffic, it still has more performance than most drivers could reasonably use or possibly need. Slightly softer suspension (standard on the automatic, optional on the manual) makes the ride even better without affecting handling. It would be my unquestioned choice, I think it will be of most British buyers, too.

The 850i will come fully loaded with ABS brakes, traction control system, catalytic converter, power-adjusted steering wheel and heated door mirrors, heated screenwash nozzles, on-board computer, powered sunroof and front seats, air conditioning, in-car entertainment with CD player and a no doubt essential anti-theft system. At extra cost (unspecified) for buyers who must have absolutely everything things like buffalo hide trim, heated seats and a auto-dipping interior mirror are offered.

An average fuel consumption of around 21 mpg (13 l/100 km) is claimed. This translates into a cruising range of 400 miles (645 kms) per tankful, provided you don't exploit the 850i's long and powerful legs. The fuel gauge told me that a visit to the filling station would be prudent after a little over 300 miles (500 kmh), much of it at well over 100 mph (161 kmh).

Classic cars: is the hammer about to fall?

***John Griffiths** reports on a disturbing trend among some auction houses: exaggerated sales figures*

A SHADOW, faint but disturbing, hung over the most publicised sale of classic and racing cars in history, which took place in Monaco this week. It was only indirectly connected with the sale being a relative flop in terms of the two star cars on offer.

The sale took the form of separate auctions by the three best-known houses in the classic cars business: Christie's, Sotheby's and Robert Brooks.

The attention of Press and public was fixed almost entirely on whether the then-existing $8.8m auction record, set by a Bugatti Royale two years ago, would be eclipsed by the 1962 Ferrari 250-GTO being offered by Sotheby's; or the 1957 Ferrari 315S to be knocked down by Christie's.

In the event, the record went to the GTO, knocked down for FFr 58.94m, or $10.8m. But that was well below Sotheby's estimate of $12m to $15m. And the 315S, far from achieving its estimated $12m, did not even make its reserve.

Many of the lesser cars among the more than 120 cars on offer also did not live up to sellers' expectations. So while some sectors, such as pedigree competition cars, did better than most, the overall outcome was not encouraging for those closely involved with classic cars as both collectors' items and investment sector.

Perhaps ominously, the results appeared to justify growing concern about the way in which some parts of the auction trade in classic cars is being conducted – and whether it could be heading for a crisis of confidence of its own making. For the Monaco auctions may have felt the knock-on effects of what Robert Brooks, Brooks' principal, describes as blatant exaggeration and misreporting of prices achieved at minor auctions.

The practice, according to Brooks, is becoming increasingly widespread. "Results are being massaged, and so-called investment indicators fudged as a means to promote prices. It's all geared to short-term gain; it's immensely serious and unless it's stopped, there's the risk of a massive fall in confidence."

A classic car enthusiast himself, Brooks disapproves of such cars being viewed as simply a new form of investment medium – as recently as 1979 the world record price for a car was only $475,000.

Given that that is the way the market has been developing, however, he warns that "no-one should take an investment decision based on auctions results published during the last two years anywhere in Europe."

Despite the publicity accorded the handful of highly regarded, well-known auction houses involved in the classic cars business, in reality they account for little of the estimated $1bn a year trade in classic cars. "Even the three of us at Monaco together account for only a very small percentage of the total," concedes Brooks.

There are dozens of minor auction houses involved in the business internationally, while a lot of cars still change hands privately.

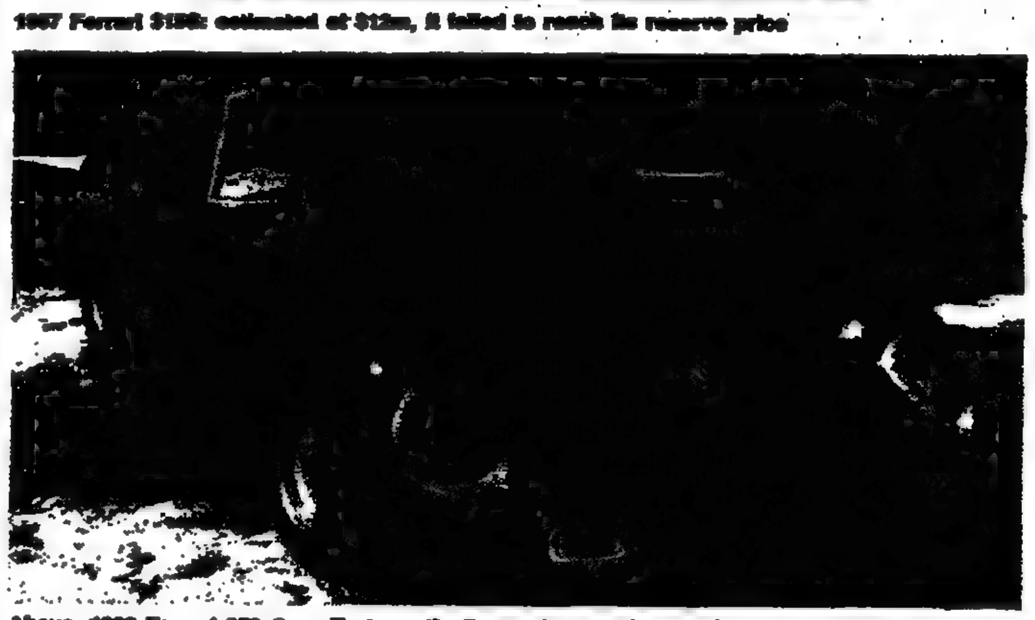
Nevertheless, even the prices negotiated during private sales are likely to have been influenced to some extent by quoted auction results.

Classic roadgoing Ferraris – less illustrious ones than most of Italy's finest at Monaco – have already been the subject of media reports of a market "collapse," in which auction price misreporting has played a part.

The reputable parts of the business are not short of examples of how this was brought about. Two Ferraris of the same type were reported as having fetched £310,000 at one auction. A short time later, one was reported as having changed hands for only £260,000. Not unreasonably, the media took the apparent drop as an indicator of the market weakening. In fact, neither of the two cars reached their reserve at the first auction. They were offered privately to a dealer, for much less than the reported auction sale figure, the following day.

The concern is sufficient for the three leading houses to have already held informal talks about the possibility of setting up a code of practice to govern the auction trade in collectable cars.

1957 Ferrari 315S: estimated at $12m, it failed to reach its reserve price



Above, 1962 Ferrari 250 Gran Turismo Berlinetta Competition: sold for a record $10.8m

BRIDGE

SAFETY PLAYS are a form of insurance against bad breaks. If you feel that your knowledge of them is inadequate, *Safety Plays in Bridge*, written by Terence Reese and Roger Trezel, just republished by Gollancz at £3.95, is ready to help you. Let us start with Early Concession:

N
♠ 10 9
♥ 10 6 3
♦ K Q J 10 5
♣ 10 8 3

W
♠ K J 8 4
♥ 5
♦ 9 8 6 3
♣ A K Q 5

E
♠ 7 6 3
♥ J 9 8 7
♦ 4 2
♣ J 6 4 2

S
♠ A Q 5 2
♥ A K Q 4 2
♦ A 7
♣ 9 7

With North-South vulnerable West deals and bids one club, and after two passes South reopens with a double. North bids one diamond, South rebids two hearts and goes to four hearts after a single raise from his partner.

West cashes ace, king of clubs, and then the queen is ruffed in hand. If declarer bangs down ace, king of hearts, and finds East with four to the knave, there is no way for him to salvage his contract. South must ruff the queen of clubs, but in case the trumps are 4-1, the correct line is to cash the ace of hearts and follow with the four. East wins, but can make no damaging return. A club can be ruffed in dummy, and declarer crosses to his diamond ace, draws the two trumps, and claims. A spade return is no better. If the trumps break 3-2, you have lost 30 points – does that seem too high a premium to insure 620 points? We turn to Finesse Without Danger:

N
♠ 2
♥ K 9 7 6
♦ A 2
♣ A Q 10 9 7 6

W
♠ 10 8 6 3
♥ Q 10 8 3
♦ Q 6 4
♣ 4

E
♠ K 7 5 4
♥ 5 4
♦ K 5 3
♣ J 5 3 2

S
♠ A J 9
♥ A J 2
♦ J 10 9 8 7
♣ K 8

East-West game, North is dealer and opens with one club, to which South says one diamond, North rebids one heart, and South's jump to three no trumps closes the auction. West starts with the six of spades. Winning East's king with his ace, the declarer has one spade, two hearts, and one diamond for the taking. He needs, therefore, only five of the six clubs in dummy.

If East should hold *four* clubs to the knave, and obtain the lead, the spade return would be fatal. But declarer sees that a finesse into West's hand entails no danger. He crosses at once to dummy's heart king, returns the six of clubs, and finesses his eight. It holds the trick, and he makes his contract with one overtrick.

If West holds the knave and wins, he cannot attack spades, so he switches to a diamond. Declarer takes with the acein dummy, cashes the club ace, dropping his king, and makes the rest of the clubs and the ace of hearts – nine tricks.This time there is no insurance premium – in fact, you get a refund.

E. P. C. Cotter

YACHTING

Sail and power boating is still a fast-growing area. What developments are in store in the 1990s?

An updated classic powers back to life

THE Swordfish 36 was charging up the English Channel towards Portsmouth at 30 knots under more than 700 horse power of diesel thrust. Yet thanks to the deep V-shape of her hull she cleaved through choppy seas and wakes without making life difficult for those of us standing in her open cockpit.

She was handling like a fighter plane. Yet sitting below in the plush surroundings of her white leather-trimmed saloon it was strangely quiet and smooth. One felt cocooned from the exciting ride.

The story of this British boat, new for 1990 and already being hailed as classic design, really started back in the 1920s with the old Supermarine company at Hamble on Southampton Water.

Supermarine built the fast seaplanes which were the forerunners to the Spitfire. In the post-war years, while owned by Fairey, the firm produced a series of fast but sea-worthy power-boats which were well ahead of their time. Good examples of the Huntsman, the Swordsman, and the Spearfish, are still treasured by their owners although production ceased 15 years ago.

The concept of a fast and powerful gentleman's express cruiser which can stay at sea in the worst weather the Channel has to offer and which can, in normal weather, whisk you from the south coast of England to Cherbourg for lunch and back the same afternoon, has now been revived by yachtsman and businessman David Skellon.

Skellon used to own a Swordsman which was much loved by his family for cruising holidays. He had the idea of asking Alan Burnard, who designed the three Fairey boats, to return to his drawing board to create an equivalent for the 1990s. The brief was to employ modern materials and twin high speed diesels instead of the thirsty petrol engines used in the original boats. But Burnard retained the main characteristic of his designs: the deep V hull form which gives such good sea-keeping qualities at high speeds.

Burnard's new design, the 35-foot Swordfish, has only been in production for a few months by Skellon (who has revived the name Supermarine for his company) but already it is being treated by discerning power boat owners as a classic.

After rather a late start we did not get to France for lunch. Instead we settled for the comfortable restaurant in the new Port Solent marina in Portsmouth harbour. We were passed through the automatic locks with complete absence of fuss after a call on the VHF radio (remember that this year Channel 80 is being used for marina traffic instead of Channel 37) to say we were coming up the harbour. The boat was easily handled by three people.

Skellon, a former BOAC pilot who started boating as a hobby, has sold seven Swordfish in just four months at prices ranging between £130,000 and £180,000 according to specification (without value added tax). It is ample evidence of loyalty to a proven designer that all seven have been bought by former owners of Fairey boats.

Engine options chosen by owners have ranged from twin 225 HP Ford Sabres to the 370HP versions which give a top speed of 36 knots. After the twin Fords burble into life it is an excellent idea to get out of the dock and up on the plane at the cruising speed of 30 knots. The makers recommend working these engines hard to keep them in tip-top condition.

The design of the stiff (glass fibre) hull places the accent upon big flared bows and a sea-kindly form which is more at home in a Force 8 gale than poodling around an Italian lake. Putting this sturdy boat into such a setting would be like using a Ferrari to go to the local Tesco.

The inside story is, however, startlingly different from the macho approach to rough weather. Much of the interior consists of modules pre-manufactured in the joinery shop. They make patterns of curves and flowing lines which the interior designer Kenneth Freivokh has woven into unashamed luxury using Connolly hide, walnut veneers and lacquer finishes.

The first of these boats was sailed across the North Sea in January to the Dusseldorf boat show and attracted a good deal of interest. The builders, Northshore Yacht Yards of Chichester, expect to step-up production to two boats a month which Supermarine will sell worldwide.

The idea of a 36-foot power boat costing more £200,000 is apparently calmly accepted by those in the top market sector for which Skellon is aiming. It is even whispered that the American property magnate Donald Trump is thinking of buying two of them – to act as tenders on board his 400 foot-plus super yacht which is now under construction.

■ *The Supermarine Motor Yacht Company, Port Hamble, Hamble, Southampton S03 5QD. tel: 0703 453459.*

Roy Hodson

Details of the Swordfish 36

Hull length	36 feet
Beam	12 [illegible] inches
Draught	[illegible] inches
Engines	Twin Sabre Diesels
Top speed	36 knots
Cruising range	More than [illegible] miles
Price	Approximately £180,000 ex VAT
Designer	Alan Burnard
Builder	Northshore Yacht Yards, Itchenor, Sussex

Classic lines: the Swordfish 36 at speed on the open sea

Racing: a sport for those who *do*

The Sigma 38 class provides close racing. Lean-Vercoe

IN SPITE OF midnight showings on television of the Whitbread round the world race, yacht racing has never been much of a sport for spectators and is unlikely to become so.

The complex rules, the distances covered, the periods in light winds when nothing much appears to happen – all mitigate against a grandstand. Instead, the adherents tend to be participants, who from early spring onward are heading for the marinas and estuaries around Britain where racing boats are concentrated.

The majority of sailors (they do not care for "amateur" or "weekend," being used as adjectives) race in boats known as "cruiser racers" – a term that covers sizes from around 22 ft to 50 ft overall length, and a variety of shapes. Boats above that size tend to sail on a more international circuit.

Thanks to the lessons learnt in races in all weathers over the years, and modern materials such as epoxy resins, Kevlar, carbon fibre, and sea water-resisting metals, the modern cruiser racer can plug to windward against a gale in the North Sea at a remarkable angle to the true wind of 38 degrees (Nelson's ships could not make better than 70 degrees). Yet the next day the same boat can be used for close-quarter sparring in the club regatta.

The biggest bases for racing in the UK are traditionally ports in the Solent, the Clyde, and the East Coast and Thames Estuary. To take one area as an example, the East Anglian Offshore Racing Association will this year run a series of 14 events, averaging [illegible] miles each, from May to September. In this, its 41st season, its main fixture consists of races to the Oostershelde and several days of racing there. Its other races start from Burnham-on-Crouch, Harwich and West Mersea.

There are also a number of other racing areas including south coast localities such as Brighton with its new port, the north east coast of England, the West Country, and the Irish Sea – where Scottish, Irish, Welsh, and English yachts compete together.

The sailing calendar has been extended, with racing taking place until just before Christmas, while this year the season started in mid-March. Indeed, the quantity of fixtures is daunting, especially as most of the racing is open to anyone with a suitable boat to compete regardless of ability or record.

"Suitable boat" is the key to a racing season and for an increasing number of owners competition between exactly similar boats, or "offshore one-designs," is the way to go. The latest striking success in British waters is the eight-crew Sigma 38 class, which can be put in the water ready to sail away for about [illegible].

David Thomas, one of Britain's most successful yacht designers, originated the Sigma 38 at the request of the Royal Thames Yacht Club and Royal Ocean Racing Club. He combined good, but not grand prix, performance with a comfortable cabin to ensure second-hand value and a boat the owner could use for family cruising. The first boats appeared in 1988 and delivery is now being quoted for October this year.

The Sigma 33, also a Thomas design, has been firmly established since 1980. Thomas now feels there is a demand for a new and larger boat, again to strict one-design rules. It may work out at 42 ft and cost about £120,000.

Other very active one-design classes are the Contessa 32, old but sound and not too demanding, the Lightwave 395 of lightweight American design, and the International J-24, which is unsuitable for taking offshore but is intensely raced over inshore courses.

Typical of the current move to one-designs is the growth of the X-99 class. This attractive 33-footer, Danish designed and built, will have its first national championships in Guernsey in May. The importer, Richard Bagnall, says: "Our new owners are competent sailors who have often owned a smaller boat such as a J-24 or racing dinghy. They want a yacht of high performance which will be raced 75 per cent of the sailing time, with the balance used for cruising."

Offshore one-designs remain a minority, if a conspicuous one, for the reality is that sufficient numbers to form a class can only assemble in the most popular yachting areas. Once boats differ, even slightly, some form of handicap system is needed.

Handicapping and time allowances have a bad name in the history of sailing. In the last few years hundreds of boats have fled the International Offshore Rule (which began to encourage some extreme designs outside the spirit of the rule, if not the letter), and switched to the Channel Handicap System (CHS) with a resultant lift to all kinds of cruiser racing. In spite of its name, CHS is now used widely in several other countries besides Britain and France.

Controlled by the Royal Ocean Racing Club's professional yacht rating office, this rule is unusual in being "secret." The formulae are inside a computer, preventing new designs arriving which cheat the rule. That was the curse of previous systems, although some designers made their reputations by doing it.

Measurement and computation for CHS is cheap and specially equipped boats are not required; in fact they are penalised. Grand prix sails and rigs incur a bad handicap.

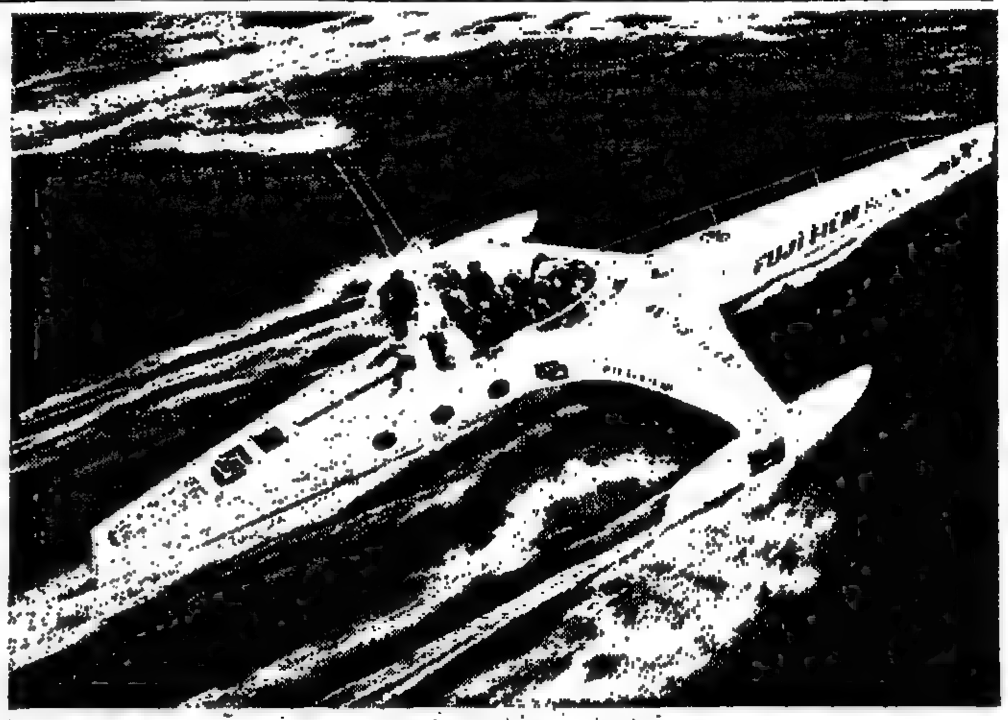
The success of CHS has been a cause of the multiplicity of regattas, which although at first sight seems a helpful development for sailors can sometimes result in low entries in one race or another. As a result there are a small number of highly favoured events, including the annual Round the Island race (last year there were 1,781 starters) and the Cowes to St Malo course.

Producers of large ranges of cruiser racers are beginning to hold their own regattas, backed by additional sponsorship. The builders of the admired Finnish Swan yachts have a regular week of European championships every year. The Beneteau Cup for cruiser racers built by that firm in France has a week at Cowes at the end of June with several relaxed races for family boats. Both use CHS for handicapping.

Yet a further increase in yacht racing is the "corporate regatta." These mid-week events, favoured by firms with young staff, give an active day out in chartered modern boats. They bring new recruits to an active segment of sailing, and the gift of an extra day's physical activity to sailors in the company.

Peter Johnson

■ *Peter Johnson serves on Royal Ocean Racing Club technical committees and has written several books on offshore racing.*



The Irens-designed ILAN has a fine, easily-driven hull with outriggers for stability

Market takes the fast with the smooth

THE LEISURE power boat business has never been stronger. Competition is intense, the products are refreshingly new, and buying demand is strong. The current financial climate in the UK has had little effect on the power boat market so far.

There are two distinct types of power boat owner and the 1990 designs reflect this split. In almost every range you will find a choice of rakish sports boats, with the emphasis on good looks and trips round the bay, and a complementary fleet of more refined, practical craft with a comprehensive inventory to enable the boat to undertake serious cruises in comfort and safety.

Most new owners of power boats are attracted by the image of power and style. In fact, smaller boats are harder to sell because there is a greater range and more competition at the lower end of the scale. Life is made all the harder for the salesman because the purchaser is probably entering the sport for the first time and so has no loyalty or experience of any one range of boats.

The smaller sports boat must, therefore, catch the eye and fit the image that the buyer perceives of him or herself. That rule follows right through – sometimes down to making sure that the clothes to be worn on board the boat will match the upholstery! Power boats are providing excellent business for the clothing industry as family crews trick themselves out in matching gear.

The transformation of the leisure power boat business owes much to the electronic industry. Small radar sets, chart plotters and autopilots now encourage short-crewed vessels to venture further afield from their home port. The prices for the navigation equipment are really very low for the level of sophistication offered. The latest navigation aid is the American Global Positioning System (GPS), which relies on a group of orbiting satellites. It promises to be the ultimate navigational device for sea-farers.

The demand for ever-larger power boats has made most manufacturers look towards increasing their capacity. Until 10 years ago, Fairline, which reported sales of £4.1m at this year's London Boat Show, was building boats up to 32 ft overall. Now the company is building 50-footers, and is in the process of building a new factory ready to produce a 62 ft cruiser.

The hull design of the leisure power boats has benefited from the developments made in the racing circuit. The ability to cram as much space as possible under the decks, yet produce a hull shape that is safe at high speeds in a seaway requires considerable skill.

Progress on hull shapes is a continual development. Twin hulled power craft are now particularly popular. Known as wave piercing craft, or fast displacement catamarans – depending on the designer and his concept – the craft are capable of carrying a similar payload to that of an equivalent sized monohull but have a number of advantages. The principal benefit is better fuel consumption. The two narrow hulls have less resistance compared to the equivalent monohull, enabling the craft to either travel faster or further.

Using their considerable experience with sailing cats, Prout Catamarans on Canvey Island, Essex, have developed a 44 ft power catamaran and have found that the space available satisfies the customer who wants a layout unique to his wishes. So far six have been ordered, four going abroad.

The evolution of the leisure power craft market is now well defined but the future has a number of exciting possibilities. One angle on design has come from yacht designer Nigel Irens, who has built a reputation for designing very fast sailing trimarans. His recent work has been to take his knowledge of multihulls and apply it to power craft, coming up with a novel idea of using a very long central hull, designed as a personnel carrier, with much smaller hulls either side acting as stabilisers. The design enables a significant reduction in power required to drive the vessel at speed. So far the Iveco 6 cylinder 235hp engine, which can give ILAN (Irens Long And Narrow) 28 knots with ease, has done 14,000 miles with just the occasional oil change.

Ian Holt

Anyone can be a sailor . . .

GIVEN THAT a yacht has been described as a hole in the water into which the owner throws money, it should be automatic that fun comes with each turn of the ship's wheel. Not always.

Watch the yachtsmen on the Solent racing on an average summer's day. They grit their teeth against facefuls of cold seawater, while on the shore wives and children growl resentfully. Or see the owner of a magnificent 50 ft powerboat come into Plymouth on a rare balmy evening, only to find the available cuisine consisting of warm shandy and fish and chips.

No wonder, then, with sales of pleasure craft rising, almost the next question a new owner asks is "Can I keep it somewhere warm?" Foot for foot, a marina berth in Spain costs no more than its equivalent on the south coast of England. Indeed, maintenance costs may be lower because of a more benevolent winter, less harsh on paintwork and varnish.

Majorca and Minorca have 18,000 yacht spaces and that is set to rise to 30,000 by the turn of the century. When Spain's ruler, King Juan Carlos, goes boating – which he frequently does, daughter Princess Christina being an Olympic dinghy sailor – Palma is his chosen spot. The Majorcan capital has deep water, a beautiful harbour and reliable breezes.

It is also the regular venue for Round One of the Maxi-yacht world championship. When those millionaires and their 80 ft, $1m toys come to town, watch out. Crewed by up to 30 of the world's top sailors a maxi-yacht like Il Moro de Venezia or Alan Bond's new plaything, Drumbeat, is awesome to see.

However, the sea is nothing if not democratic. Should you be a mere holidaymaker chartering a 30 ft cruiser with family you have as much right to be on the water as America's Cup winner Dennis Conner. Just make sure you don't blunder through the middle of a race or the language might startle your children.

Most people who sail the Mediterranean experience it via a flotilla holiday in Greece or Turkey. This has been one of the great holiday success stories of the past decade. A group of eight or 10 yachts sail in company, learning as they go and with an expert helmsman and navigator leading the flotilla.

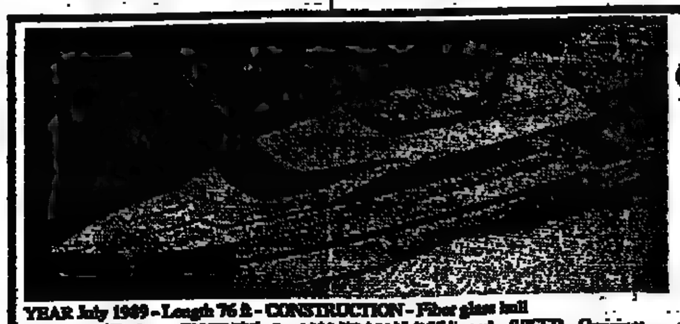
Families who haven't for years done anything more energetic together than squabble suddenly discover the joys of team work – although when the weather is hot the day's travelling may not consist of much more than a morning cruise to a shallow bay before anchoring for a five-hour lunchbreak of swimming and a barbecue.

It is on the French Riviera, that golden stretch of coastline between Cannes and St Tropez, that the megayachts gather. Owners who can afford the US$[illegible] that a 300 ft floating palace will currently cost certainly don't want to hide it away in the obscurity of Marseilles docks. Salty rumour has it that many of the lines of gleaming white yachts moored in Cannes are firmly aground on a reef of empty gin bottles. Certainly they get used more as villas than boats. Out of an average crew of six, half will be more concerned with food and drink than anchors and mooring lines.

Despite the huge capital cost of these vessels, don't despair if you are unwilling to sell the family home for a few days of luxury. Almost every owner puts his yacht out for charter (or hire) to defray running costs. Through the established brokerages a party could charter a stunning boat for less than US$2,000 a day.

Once divided among eight adults - and more charter yachts would accommodate at least four couples - the price would compare favourably with a few days at the Carlton Hotel in Cannes.

Keith Wheatley



GARDENING

Arabella Lennox-Boyd seen in her formal country-style garden designed for the Daily Telegraph. It was awarded a Gold Medal at the Chelsea Flower Show

Glyn Genin

Vintage Chelsea refreshes most parts

***Robin Lane Fox* returns from the flower show, stocked with information**

I HAVE HAD a rare old time at Chelsea Flower show and so have the growers during their preparations. Their greenhouses have been blown inside-out, the drought has been awful, but nothing will stop Britain's big and small nurseries.

The old-fashioned roses from Austins and Beales seem to show much better than back in the 1970s; the delphiniums have retreated; the lupins and Mr Cawthorne's violas have leapt forwards; and the clematis, perhaps temporarily, are in the doldrums. I liked the fine planting from Potterton and Martin and I respect their ability to show the rarity which used to be known as Phyteuma Comosum with 12 heads of flowers. The National Conservation group in Wiltshire had pillaged the excellent national collection of foxgloves in their area and added many good new plants, including a delicate red-hot poker called Snowdenii.

My special favourite was Glebe Cottage Plants, Warkleigh, Umberleigh, North Devon, which had been called in at four weeks' notice and brought the highest proportion of plants which I had not seen in the Main Tent before. They had an exquisite Semiaquilegia from seed called ecalcarata and a white-flowered Arenaria montana, which is a carpeting plant for connoisseurs. The company started only a decade ago and dug some of its best things from the open ground. It only shows what you can do if you are clever at growing from seed.

I have also picked up enough garden lore to keep you all busy for months. Some of it needs checking; some of it is scandalous but one bit I can guarantee, as I saw it: you can eat the new Ballerina apples of a Ballerina apple-tree without pulling a sour face. In mid-morning, I saw a personality do it: I have not yet seen a garden in which these upright apples look really pretty but I admire their ingenuity, like washing-lines on sticks for small spaces.

Outdoors, the quality of planting in the gardens is much higher than 15 years ago. People still have problems with harshly-coloured rhododendrons and, sometimes, with their slatted woodwork. The fitments are awful and I cannot reconcile myself to "wild flower" gardens in which I have to admire patches of naturalised weeds which have been artificially bunched and look unwilling to last a week.

The best garden was the formal country-style laid out by Arabella Lennox-Boyd. She is the one garden designer whom I would trust with my garden plan on the day that it drives me demented or when its existing young skeleton dies from drought and excess winter sunshine. She sets out a clear line, stops anything looking vulgar and can think big.

The planting for the Daily Telegraph garden had been beautifully stage-managed by John Metcalf of Four Seasons Nurseries: my metaphor is apt because he used to work as a designer of sets in TV and the theatre. Somehow, his silver-grey Onopordon thistles and globe artichokes had not started to sag: the colour-scheme of purple, white and Rose New Dawn was admirably controlled. Above all, the garden was hedged and given depth by an extraordinary height and width of yew.

How ever did they do it: yew in a heat-wave, 10 ft high and not wilting? Here is one red-hot bit of lore: they had picked it all, stuck it into a frame of wire-netting and soaked it with the anti-drop spray which we use on the needles of Christmas Trees. There was not a living plant in the entire "false" hedging but there was a tip for the rest of us. We could spray newly-planted trees or big shrubs with one of these compounds and stop them losing water by the gallon and flopping to death.

John Metcalf had used Claritol from Fargrow, of Littlehampton, at about £30 for a wholesale pack of five litres. In the shops, you can buy small cans of "anti-desiccant" spray: during the afternoon, professionals muttered to me about PVA, S-600 and similar chemical shorthand, so that they recommended it for anyone who bought yew as root-balled hedging plants and put them out in early spring. I wish they had told me in February. Apparently, old Roy Hay himself used to spray his freshly-taken Gazania cuttings with one of these anti-desiccants and stop them losing all the moisture from their leaves. It never damaged the young growth and he claimed that it saved the cost of a Mist-propagator. As yet, this is raw lore, hot from experts on a hot afternoon: I intend to try it this summer.

On Chelsea days the crowds seem to run on a different chemical, the one which releases excess moisture, reaching a peak in the two hours after lunch. This year they had a product for it, too: it was called Azalea Summer Fragrance and had been brought to the show by Liverpool Botanic Garden as part of a combined Cheshire exhibit.

The Garden holds many seedling azaleas left by a great amateur breeder, a Mr Pratt. The Pratt aim in breeding was to postpone the azalea's flowers as late as possible: some of his hybrids flower in July. So far, Summer Fragrance is the clear winner and its enchanting cream-white flowers are marked with yellow. It has lutea blood in it and is immensely easy to grow. In normal years, it begins in early June and will grow almost anywhere, preferring light shade. Its scent is exquisite, even if you cannot surround it with seething crowds. A few plants are already in the trade from Starborough Nurseries, of Edenbridge, Kent, and I foresee a great future for this civilised arrival.

My final wish is that municipal bedding could be taken away from local councils and centralised, under the Royal Parks. Since the mid-1980s their Chelsea exhibits have been outstanding. They grow everything from seed and arrange them with a feeling for colour and variety which is too rare in public hands. It is easy to blame the worst on Socialists but Tory bedding-out is often just as awful. It would be no more expensive to copy the Royal example and use forms of silene, white antirrhinums, a pink Cleopatra stock and forms of anchusa and mignonette.

The contrast could hardly have been more pointed with the display of the British Bedding Association outside the tent which was stuck with the most vulgar blocks of hot colour: it might just as well have painted the ground.

Good plants from seed are alive and well in public service and have been joined by a marvellous range of half-hardy bedding material, found by plantsmen and smaller nurseries. It is such a shame that more town authorities do not use it and copy it, even though the Royal Parks stuck a truly ghastly fitment of a bronze-cast boy in the middle. Perhaps the possibilities will slowly filter outwards from this admirable year for the Show.

London's Pride before the fall

***Patricia Morison* has mixed feelings about a celebratory exhibition**

LONDON IS a remarkably green, well-gardened city. That this is not evident within the Barbican Centre is not, of course, something to hold against *London's Pride*, The History of the Capital's Gardens, the new exhibition at the Museum of London (until August 12). Outside the museum stretch bastion towers and walkways perfunctorily "greened up" with pockets of scrawny cotoneasters. Despite the effort and scholarship which has gone into *London's Pride*, I found the hostile setting cast something of a shadow.

Visually, this is not a particularly lush exhibition, in the lineage of two memorable garden history shows of recent years, *The Glory of the Garden* at Sotheby's and Christie's *The Anglo Dutch Garden*. The London focus sees to that. Down the centuries, the challenge that London has posed to artists has been to capture its teeming life and its Thameside panoramas. Romantic artists were fascinated by the phenomenon of the mighty city. So the paintings and prints in this exhibition have earned their place as social documents and not necessarily because of their artistry.

London's Pride gets off to a slow start. It hardly seems worth scraping the barrel to say something about the city's medieval and Tudor gardens when the evidence is so thin. It was a desperate measure to use a photograph of H.A. Payne's "The Wars of the Roses," a 1911 mural in the Houses of Parliament, and claim it as a convincing image of a medieval garden.

One problem with historical exhibitions is that they become insipid if the specific theme, London in this case, is overly diluted by material referring to the experience of all society. In the 18th century craftsmen decorated their wares with flowers.

There is a little too much dilution in London's Pride. Charles Goode decorated an exquisite long-case clock in the 1690s with floral marquetry. But then, they were flower mad all over Europe. A caseful of costumes, tiles, porcelain, tapestry and the like, all sprigged with flowers amounts to a somewhat banal observation about taste.

The exhibition honours the usual great names in gardening: John Evelyn, the Tradescants, and Sir Hans Sloane who founded the Chelsea Physic Garden. However, it is particularly successful at describing the tradespeople, the purveyors of seeds, plants, market garden produce, and garden geegaws. Rent-a-Garden was a growth area in the early 19th century. A plantsman operating in Grosvenor Square used to hire plants for the season to smart hostesses. In 1816, he lent 555 plants, three years later he had a turnover of 9,612.

We owe London's Pride, the delicate Saxifraga umbrosa in flower now, to a 17th-century nurseryman, George London. He raised the hybrid at his vast nursery where the Victoria and Albert Museum is now. In the 18th century two names famous in the annals of gardening started trading. James Carter began in Holborn, where the firm stayed until 1911, and Messrs Sutton and Sons started up in London as well as Reading.

Edible gardening is another important theme. Early garden plans made for the wealthy lay the emphasis on growing for the table. John Evelyn's garden at Deptford had an avenue of walnut trees, where his cows could be milked in the shade. He had a pallisaded hedge of Codlin apples and more besides.

London's labouring class was slow to be convinced that fruit and vegetables were healthful fare. However, trade with the Low Countries and the arrival of Protestant refugees from the continent brought better vegetables and healthier notions. A lively picture of the plazza at Covent Garden in the 1770s shows well-dressed ladies and ordinary townsfolk alike buying produce from the stalls and carts.

But gardens were, of course, places of tranquillity, where social rituals of courtship and tea drinking were enacted. A Chinese pavilion, newly restored, evokes the aristocratic garden of the great 18th-century town houses. It was built in 1745 for the Duke of Buccleuch at his house in Whitehall. A humorous watercolour shows workmen bashing away at a great statue of Neptune in a stone yard in Lambeth. Here John Coade turned out armies of mock-antique statues made according to a secret recipe for composite stone.

The Coades appear to have prospered. In 1848 the firm purchased the sole reproduction rights to the famous Townlee vase, excavated 50 years earlier. Bearing in mind today's prices, it would be nice to know how much these majestic pastiches cost our Victorian forefathers.

With the Victorians, the theme expands too widely and, really, a bigger exhibition was needed. There is simply not enough space to deal with carpet-bedding and island beds, the conservatory craze, the pleasure gardens of Vauxhall, and the birth of the garden suburb. Above all, I found the exhibition too skimpy in its discussion of the London parks.

The parks were born out of a parliamentary select committee which in 1833 agreed with philanthropists worried that the poor were dangerously starved of "Breathing Places." What, I wondered, has been the survival rate of the Victorian public spaces; some maps would have been helpful particularly for a non-London visitor. However, I appreciated the mention of Postman's Park. The chestnut trees of this quaint garden are just visible from the museum's entrance, although no doubt the rising office blocks will soon hide them. I recommend a visit en route for the exhibition.

Specimen flowering plants in the museum's internal courtyard are a brave but futile stab at evoking the pleasures of gardening down the ages; the surroundings are just too alien. The 20th-century section of the exhibition has its moments. War time photographs of Londoners tending their allotments below the Albert Memorial have period charm. The museum's photo-archive of modern Londoners' gardens, made last summer, is cheery enough. However, I found the presentation of gardening in contemporary London was woefully bland.

Certainly, we are the beneficiaries of Clean Air Acts and the creation of the Green Belt. But gardens and green spaces play a vital part in the current debate over how our capital city should look, and one which is far from generally recognised.

People tend to be sentimental and yet ignorant about the properties of plants. There is a vague feeing that, given a few shrubs, there is a garden, and to hell with the architecture be it never so terrible. I have the suspicion that the distinctive contribution of the late 20th century to London's gardens could well be the use of plants as cosmetic disguises.

Think of those little boxes and beds in Docklands, the developers' short-lived sops to the English love of gardens. Never mind the quality of the buildings, just green up the space in between and put in a craftsman-designed bench.

London's Pride in the next century? I think not.

London's Pride is sponsored by GRE Properties

Fallout from an explosion of centres

THIRTY years ago, the garden centre revolution was just starting in Britain, and many people feared it would bring about a great decline, both in the variety and the quality of the plants available. The production of plants in containers was expected to become increasingly concentrated in the hands of a few specialist nurserymen, who would grow only the most familiar kinds for which there was a ready demand, and many old plants would disappear forever.

It has not worked out a bit like that; in fact, it would seem that more ornamental plants are being sold today in greater variety than ever before. Many factors have influenced this and new ones will advance the trend still further. There is certainly no need for gloom in the plant market.

One of the first things that became obvious was that many people were going into the new garden centres and buying plants on impulse. They had little or no idea what they were, but liked the look of them and the fact that they could take them away immediately, while the urge was there. At this stage, there was a considerable amount of experimenting by container plant growers, who were discovering that they could sell almost anything which they could make to look attractive in a container.

But nowadays the tendency seems to be to search for specially suitable plants, mass produce them and give them quite a lot of publicity. These specially selected plants include a considerable percentage of evergreens, especially fairly slow-growing ones that will not require much pruning to keep them tidy. The distinction between dwarf and slow-growing is not always made plain and there is even less explanation of the fact that rate of growth varies throughout the life a plant, particularly a tree or shrub. It tends to start slowly, speed up after a few years, and then decrease in rate with the approach of maturity.

Progressive garden centres became increasingly good at displaying the kind of information which inexperienced gardeners required; their customers tended to meet and talk at their favourite garden centres, and a new generation of quite expert plant lovers began to grow up. Many of them became more ambitious, wanted plants that would give their gardens a little extra prestige, and very soon small, privately owned nurseries began to prosper by meeting this demand.

Then, just three years ago, *The Plant Finder* was published for the first time. The need for such a book had been realised by Chris Philip and, unlike others who may also have thought of it, he had the courage to set about the vast task of compiling a comprehensive list of plants that can be obtained in Britain. That first edition contained the names of 27,000 plants and about 300 nurseries. The latest edition, just to hand, lists more than 43,000 plants and over 400 nurseries. It has become the key to a treasure house of plants and it is continuing to grow in size. There is no longer any doubt about the continuing enthusiasm of British gardeners, and it seems probable that the success of *The Plant Finder* is encouraging an increasing number of small nurseries to cash in on this eagerness to try what is scarce or new.

Now there are other innovations which may change the character of the plant market. Some of the old popularity of mail order could be about to return. If it does so, it will be because of the new efficiency of parcel-carrying services, such as the Royal Mail "Parcel Force," which offers a 48-hour delivery service and, partly, to vastly improved packaging, which together are capable of getting plant from nursery to garden in perfect condition.

I have just received a large box of shrubs and herbaceous plants from Bressingham Gardens in Norfolk, without a plant out of place. All the plants were growing in plastic pots with a polythene bag drawn tightly around each to keep the soil firmly in place. The pots had been placed in sturdy cardboard holders especially made to take them and these were securely stapled to the sides, ends, top

or bottom of the strong cardboard box, in which the whole consignment had travelled.

This was a highly professional job from start to finish and it arrived at my door right on time. If mail order can be made as easy and reliable as this, it will have many attractions for gardeners, particularly those searching for specialities, for which they might otherwise have to wait until autumn, or travel a long way to pick the plants up at the nursery.

One other phenomenon is evident, one which will help to make travel to nurseries and garden centres more interesting and so bring about an even wider distribution of good plants.

On May 1 a new garden was opened to the public, planned and planted specifically for this purpose. In this respect, it might be compared to a public park, but it is entirely privately owned. Nor is it, like any of the many famous private gardens, kept going much as they have always been, but opened on some days to the public.

Wolseley Garden Park, near Rugeley, in Staffordshire, has been created at great expense solely as an ornamental garden with many fine features to attract visitors, including lakes, flower borders, a large walled rose garden, a scented garden and a secret garden. Separately owned and yet within its boundaries is a large garden centre run by Cramphorn. It is the furthest north this Essex-based firm has yet ventured, but I am told there is now no limit. Garden centre and garden park are seen as complementary attractions each beneficial to the success of the other.

Arthur Hellyer

BOOKS

Doughty fighter on the art front

***Anthony Curtis** looks at the first biography of the critic and thinker Herbert Read*

NO PUBLIC figure in England in the period from before the First World War until well after the Second seems to embody the questing, creative spirit more than Herbert Read. Whenever poetry or painting came up for serious discussion, or the conversation turned to questions of standards for design in contemporary life, or to a diagnosis of the psychic disorders that lay beneath the surface, the views of Herbert Read would almost certainly be cited – even if only to be dismissed. He was always right in the middle of the dialogue, aiming to determine the direction it took through a stream of essays, pamphlets, lectures, broadcasts, and full-length books on topics ranging widely from aesthetics to anarchy.

Read died in 1968 and his value, it can be seen in retrospect, was his eternal willingness to stick out his neck. He was a Yorkshireman born and bred. That meant he was never afraid of making enemies by giving frank opinions which punctured the pretensions of other eminent people. He parted company with Bloomsbury and the *New Statesman* early in his career. By the time of the Second World War he reckoned he had seen through them completely: "Kingsley Martin, Raymond Mortimer, David Garnett, Clive [Bell] & even the holy Virginia herself – they always gave me mental gooseflesh. It was instinctive in the old days, but now one sees how logical one's instincts were. These people were never real and now the war has exposed them in all their unreality."

The most dangerous kind of enemies are ex-friends in one's own line of business and Read had plenty of these. Especially formidable was the New Zealander Douglas Cooper, art collector and critic, who for many years regularly savaged Read's books under the cloak of anonymity in the TLS. Read's method of answering these attacks was to go away and write another book. Unlike Cooper he eschewed vituperation, and rarely wasted precious time writing letters to the editor.

As this first biography of Read, by a Canadian academic James King, makes clear, he also had a great many friends in intellectual circles and towards the end of his life, when to everyone's surprise he accepted a knighthood, he had acquired a devoted band of admirers and followers. Graham Greene, a loyal friend,

THE LAST MODERN: A LIFE OF HERBERT READ
By James King
Weidenfield and Nicolson, 364 pages, £25

first knew Read when they were both young men out to make their names. Greene was editing the ill-starred *Night and Day*. He signed Read up to write a regular humorous feature, and he *is* convinced that had the magazine lasted Read would be renowned today as a humorist.

As it is, the only humour to be found in this biography is of a dour unintentional kind, stemming from the life of an individual of inflexible will and integrity determined to succeed against all the odds. A farmer's son, Read grew up in the Vale of Pickering, loving the rugged landscape as a young boy while avidly devouring any books that came his way. The idyll ended after his father's death in a hunting accident when Read was ten. Herbert and his brother were packed off to a boarding-school for orphans.

Read won his way by ability and hard work to Leeds University, where he pursued a mixture of subjects in the humanities. He had just begun to flower as a poet and to find fellow spirits among the other members of the Leeds Art Club, when the first world war broke out. He enlisted in the Green Howards and served as an infantry officer, seeing a great deal of the action on the Western Front. The austere thinker became a fine soldier. He earned the MC and DSO.

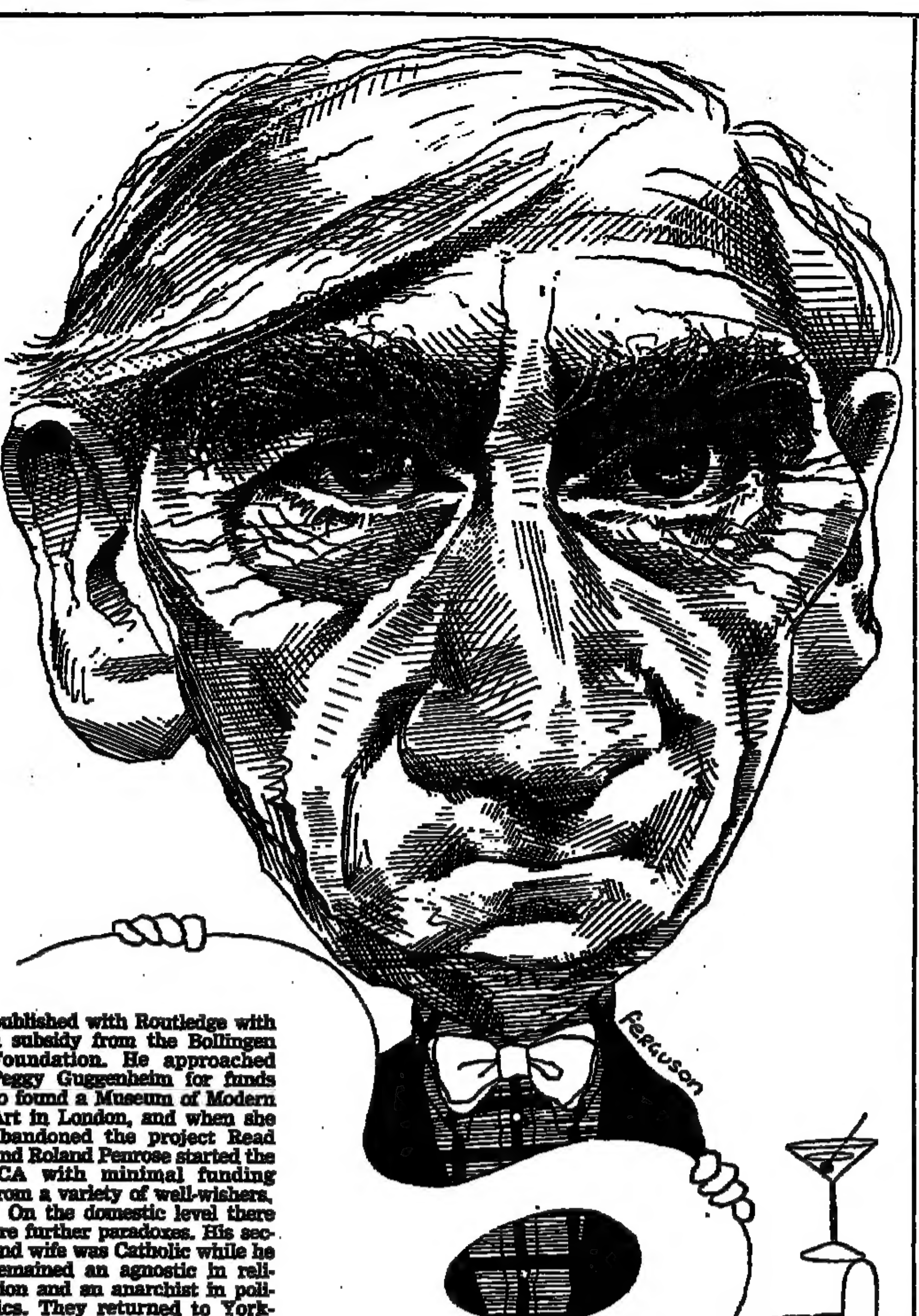
To find Read the artist, rather then Read the theorist about art, one has to go back to the poetry he wrote as a response to the war. He is at his most distinguished when in "My Company" he puts into words the sense of men of different backgrounds belonging together under these conditions: "You became/ In many acts and quiet observances/ A body and a soul entire," he writes. After the war he wrote a novel *The Green Child* in the tradition of Swift which was reissued recently and reviewed here, and a fine memoir *The Innocent Eye*. But the story of the biography is of a poet's creativity stifled by the economic need for incessant critical utterance.

Read was in the front-line in the debate that raged for decades about the nature of art. Henry Moore, a fellow-Yorkshireman was a friend. Read mediated between his work and a public that at first used the holes in his carvings as places to rest their cocktail-glasses. Ben Nicholson, Barbara Hepworth, Patrick Heron, and other members of the St Ives Group, came within the orbit of Read only to reject him. His brand of romanticism was not theirs.

He was equally influential as a publisher being for many years a director of Routledge in charge of poetry, even as Eliot, his great-overshadowing rival, was at Faber. Read turned from Freud to Jung, whom he published with Routledge with a subsidy from the Bollingen Foundation. He approached Peggy Guggenheim for funds to found a Museum of Modern Art in London, and when she abandoned the project Read and Roland Penrose started the ICA with minimal funding from a variety of well-wishers.

On the domestic level there are further paradoxes. His second wife was Catholic while he remained an agnostic in religion and an anarchist in politics. They returned to Yorkshire, she to find a citadel of the faith at Ampleforth, he to complete the life-cycle begun as a boy. He soon discovered that for him the rural life had lost a lot of its charm and he returned to London frequently. He died in his sixties of cancer, working hard on his next book.

The history of a heroic generation of British thinkers for whom the option of a comparatively safe career as academics did not exist, and who had therefore to live and support their families by their wits, may be salutarily discerned in this biography.



Sacred texts

FROM SATAN and Iago to Toad and Captain Hook, it's always the villains who have the best parts. No problems, then, in making a case for subversion in the worlds of Wonderland, Pooh Corner and those other chronicles of disorder known as children's classics.

Don't Tell the Grown-ups is Alison Lurie's stampede across the starched morals of rose-coloured juvenile literature to uncover, not what parents think children ought to read, but a spiky anarchic core: "the sacred texts of childhood." In what appears at first to be a random collection of essays, subversion, a theme more flexible than most, is the string which pulls together writers as diverse as A.A. Milne, J.M. Barrie, T.H. White, E. Nesbit (naughty Fabian ideas) and Beatrix Potter (naughty rabbits).

For starters, Ms Lurie points out that all share one rebellious stance, the *Emperor's New Clothes* syndrome, that joyful conspiracy by which a writer joins with his child readers to expose adult folly and pretension.

Ms Lurie is more interested in fantasy in a modern setting, in the magic carpet that brings 199 cats to a dining room in Camden Town rather than a family transported to Never-Never-Land. As a result, she is excellent on realists like Frances Hodgson Burnett and Nesbit, but disappointing on those underworlds which leave politics and social change behind. Indeed, hampered by inconvenient intellectual luggage, you think she will never get there; when she does, she pulls out Disraeli and Gladstone as analogies for the Walrus and the Carpenter, and Ford Madox Ford's dressed up family troubles as typical fairy tales.

What children like – and what adults relish even more – about the classic fantasies is the freedom of imagination which goes hand in hand with the creation of characters of mythical status. As Daphne du Maurier said when she saw her

DON'T TELL THE GROWN-UPS
By Alison Lurie
Bloomsbury, 299 pages, £12.99

father play the pantomime role: "All boys have their Hooks." Most people would also feel a shock of recognition on first encountering the Red Queen, running madly to stay in the same place, or, as Lurie points out, Pooh's innocent egoism. ("'Oh Bear', said Christopher Robin, 'How I do love you.' 'So do I,' said Pooh").

Most eternally childlike is Peter Pan, a kind of reversed Oedipus who can't face growing up. In recent literature he has made something of a comeback as a skilfully placed commentator – Oskar in Gunter Grass's *The Tin Drum* is an example – but of course that was part of his original role anyway. For the adult, waist-high culture lures us back for what it tells us about our own world; that is why this *Don't Tell the Grown-ups* is such a provocative collection.

Jackie Wullschlager

Mental block

MACHIAVELLI might have told Israel that an enemy convinced it has nothing to lose is the worst kind of enemy. The advice nicely qualifies the carrot-and-stick principle (a favourite of the late Moshe Dayan): when the carrot is nothing but a shrivelled skein, even the heaviest stick will not exact obedience. Israel should have learnt this by now.

Palestinian resistance to the Israeli occupation, attended by growing despair, had been steadily building up some time before the Intifada exploded on the evening of December 8 1987, following a fatal accident in a crowded Gazan street in which an army vehicle ran down a number of Palestinians. Gone were the days when Israelis roamed freely in the territories. Most of Gaza and much of the West Bank were already no go areas for Jews.

Considering the alertness and sophistication of Israel's internal security service, the Shin Bet, it might seem surprising that the Intifada caught the country unawares. Schiff and Ya'ari compare the situation to the debacle of the Yom Kippur war of 1973: the signs were there, the government simply refused to appreciate the seriousness of the situation. Experts dismissed the events as ephemeral – "tomorrow they [the Palestinians] will all go back to work [in Israel]," was the prevalent judgment. ". . . The sad truth is that when it came to the occupied territories and their Palestinian inhabitants, there seemed to be a collective mental block in Israel that the national leadership, most of the experts, and even a large proportion of the press was unable to overcome," Schiff and Ya'ari write.

Why? Overweening complacency born of the 1967 victory and an accumulation of contempt for the Palestinians are the main reasons. Paradoxically, however, there is also fear. Deep inside, Israelis understand that the only "carrot" that would satisfy the Palestinians is a state of their own. Few Israelis are as yet prepared to face that.

Schiff and Ya'ari rank among Israel's most respected military and Middle East commentators. Their book on Israel's Lebanon war was a powerful indictment of the Likud government which embarked on that ill-fated adventure. A similar tone of angry frustration prevails in this book, and it makes compelling reading.

The Intifada's roots go deep. Refusing to credit the Palestinians, the Israel government propagated that the uprising was inspired and organised by external factors.

INTIFADA
by Ze'ev Schiff and Ehud Ya'ari
Simon & Schuster £14.95, 352 pages

This book shows that local leadership was behind every stage of the Intifada, while the PLO tried in vain to dictate strategy.

The Intifada is an important milestone for both the Palestinians and the Israelis. Its expert analysis and documentation by Schiff and Ya'ari inevitably pose questions. For example, will that fatal "mental block" on either side of the barricades begin to crack? It seems doubtful. Events in eastern Europe have pushed the Intifada out of the news. Israel, which started out with so much creative vigour, is afflicted with a sclerosis of the imagination. Its preferred method of dealing with crises is swallowing a metaphorical aspirin to avoid facing surgery. And, divided as they are, the Palestinians still need to focus their ideas.

Elon Salmon

Fiction

Stevenson from below stairs

THE DIARY of an articulate Victorian housemaid is discovered, we are told, and published. Mary Reilly toils hard but happily in the house of Dr Henry Jekyll, who takes the trouble to discover what caused the scars on her hands and neck (rat bites, it turns out). His trouble wins her devotion, then her love, although she is so conscious of her place in the social hierarchy that only when he is dead does she dare to express it.

Stevenson from beneath: the classic psychological thriller is seen in realistic terms by a girl with ardour, a crippling experience in childhood which has failed to cripple her spirit, and

Mary Reilly
By Valerie Martin
Doubleday, 263 pages, £12.95

The South
By Colm Tóibín
Serpent's Tail, 238 pages, £7.99

Joanna
By Lisa St Aubin de Terán
Virago, 260 pages, £12.95

endless sympathy and care for the man she calls Master. Behind the unceasing labour (six servants hard at it to keep a single man's house in good order) lie the horrors of drunkenness, poverty and rats, from which Mary has come; laterally, the plushier horrors of Victorian prostitution, which she touches when Mr Hyde enters her life.

Mary Reilly doesn't exactly solve the insoluble mysteries in Stevenson and the human heart, but casts a new light on them that is both attractive and lurid; it is so gripping that you wonder whatever happened later to the Mary we are asked to believe was real. In several senses a haunting book, it has a complexity that excites the mind and a beautiful simplicity of presentation that knots the heart.

The South, a first novel (one might almost say "although a first novel"), has authority. From the first words it speaks with a voice all its own, recognisable, impressive. Brief, even brisk, sometimes elliptical, it has little description and much implied.

It covers the middle years of an Irishwoman, Katherine. A child of the Ascendancy, she remembers being carried from the burning family house during the Troubles. Leaving a bleak marriage and her 10-year-old son, she spends some years, from 1950, in Spain, in the aftermath of the Civil War. She becomes a painter, lives with another painter, Miguel, losing him and their child in an accident. She then returns to Ireland, her son, and some success with her paintings. The gap between her sort of Irish and those described as "from the town, RC" is hard to bridge. In Spain it didn't count, in Ireland it does.

This is memorable writing, dense, quiet and bare, with a presence that fills the spaces the narrative leaves empty. There is a sense of completeness and self-containment about it, at once dispassionate and committed, that gives it a kind of finality, something dignified and unarguable. It suggests remarkable gifts, and a future.

The almost electric promise and self-confidence of Lisa St Aubin de Terán's first novel were never fulfilled. She still writes well enough, is still readable and entertaining, but the individual voice has gone, the creativity has slackened. *Joanna* is an old-style family saga, three generations telling their overlapping tale: grandmother, mother and Joan, who, with the addition of two vital letters to her name, turns from ugly duckling into irresistible swan.

Up and down in Jersey and London, from dreary suburbia to louche Bohemia, from convent to lunatic asylum, the three women love, hate and suffer. Socially, their world is fuzzy and off-key. What seems to be aimed at is a Mitford-like realism (flip, hermetic, "inside"), which doesn't come off; first because there is no humour in it, and second because, with its touch of Daisy Ashford and even, dare I say it, Barbara Cartland, it's hard to believe.

Perhaps this is deliberate. Is it part of Kitty's fantasy life that, without money or status or useful connections or grand relatives and from a little modern box of a house in Hendon, she is "always invited to stay" with the pre-War Mosleys; has droves of handsome, rich, upper-class young men always in attendance, and moves in a whirl of great houses and dances and elegant sets? This may be possible, but it isn't made artistically credible, which is a pity because the central theme – a mother's rejection of her child and the child's reaction to it – is powerfully treated at times. But a mountain of social detail, often unconvincing and sometimes inaccurate, overwhelms it.

Isabel Quigly

Skullduggery in the Emerald Isle

WHAT EXACTLY is the conflict in Northern Ireland about? Is it an outburst of romantic nationalism amongst a beleaguered catholic minority, aided and abetted by a confessional sovereign state which also happens to occupy the island of Ireland, pitched against an atavistic protestant majority looking back hundreds of years to when religious differences were the conditioning force of politics?

And what is the role of the British government? Is it merely involved in order to hold the ring between the divided communities? Or is it an active participant with a presumption of sympathy with its fellow protestants?

One of the problems in answering these questions is that in the more than 20 years since the current outburst of murder and mayhem known euphemistically as the Troubles again surfaced, British governments have never seemed sure what exactly is the nature of the Ulster problem. Labour governments, in particular, have seemed unsure, treating Northern Ireland initially as a civil rights conundrum and at other times viewing it as a colonial situation from which it might try and disengage. But neither have Conservative administrations been consistent, having been by turns integrationist, devolutionary, and, on occasion, regarding the paramilitaries as common criminals who just require a more than usual degree of policing.

If there have been no commonly agreed policies because there is no obvious solution, there has been little consensus either on the rules of engagement in the conflict. Should the British army's involvement and the Royal Ulster Constabulary's behaviour be governed by the rule of law as it applies on the secular mainland, with an independent judiciary and trial by jury? Or is it a war like any other, where the ground rules are of the "all's-fair-in" variety?

With ambiguity hanging over the modus operandi for

THE DIRTY WAR
By Martin Dillon
Hutchinson, 481 pages, £16.95

conducting the conflict, it is hardly surprising dirty undercover activities would spread. Martin Dillon's exhaustive work covers the whole panoply of dirty tricks and conspiracies, black propaganda, disinformation, psychological warfare, conflicts between MI5 and MI6, agents, double agents and sectarian murders. It is all here, ranging from the death of Robert Nairac and the involvement of the SAS in the province to the tawdry episode of the Littlejohns brothers to such figures as Colin Wallace, Fred Holroyd and John Stalker. The book scores highly because of Mr Dillon's detachment and he manages to throw fresh light on several episodes, including that of Colin Wallace and Fred Holroyd.

The Dirty War is grippingly written with the pace of a thriller and is another good example of the truth being stranger than fiction genre. But one is still entitled to ask so what? Are not all wars dirty shameful affairs? It could be that because Northern Ireland is so close and because there is more than the usual access to all parties to the troubles that the degree of skullduggery has come to light.

Martin Dillon gives part of the answer to why it does matter that these doings are documented in his chapter on Colin Wallace. He says: "If one believes them in part or in their entirety there is every reason to worry about the ways in which democracy is also compromised by those who should be upholding it. It also serves to illustrate how a dirty war generates strategies of a dubious nature."

Once dirty tricks are embarked on they have a corrupting effect not just on the persons directly involved but on the society that sanctions them. This is an important book because it so thoroughly documents the armed struggles over the past 20 years in an impartial way. Northern Ireland is a place it is difficult to be impartial about.

Stewart Dalby

Robert and Elizabeth

AMERICAN poetry since the Second World War presents something of an enigma to the British reader. There are those poets with whom he "naturally" feels an affinity and there are others – undoubtedly very impressive to Americans – with whom he feels no affinity at all. Into the first category come those who have adopted a more musical, ostensibly pleasing form of communication, among whom may be numbered Marianne Moore, Elizabeth Bishop and Robert Lowell. Over them presides the reassuring Anglo-American presence of T.S. Eliot.

The second group – sometimes Dionysian, sometimes downright prosy – have as their main inspiration the maverick figure of Dr William Carlos Williams of Rutherford, New Jersey, the same Dr Williams of whom Sir Stephen Spender once said that his verse "tasted like sawdust in the mouth." Into this category come Allen Ginsberg, Robert Creeley and Charles Olson.

It would be in vain to say that the hypothetical British Common Reader ought to come to terms with the truly American phenomena of the Beat and Black Mountain poets. He might quite rightly point out that the first group are just as American. For him, then, David Kalstone's *Becoming a Poet* will be something of a solace for it is entirely about Marianne Moore, Elizabeth Bishop and Robert Lowell.

The first part of Kalstone's book deals with the relationship between Bishop and Moore. Grand old school marm-librarian that she was, Miss Moore – 23 years the older – ticked-off the younger woman unmercifully and rewrote her poems without the slightest embarrassment. Bishop was highly-conscious of Miss Moore's "generous and protective apron" and there were many "little dramas of dependency and disobedience" between the two women. Elizabeth Bishop's unusual talent brought out to the full the bravura of Marianne Moore's

BECOMING A POET
by David Kalstone
The Hogarth Press £20, 299 pages

prose. "Your things," she wrote, "have the insidiousness of creativeness, in that the after-impression is stronger than the impression while reading, but you are menaced by the goodness of your mechanics."

It is in the second, Lowell/Bishop section of the book, however, that Kalstone really shines. He brings out the combination of reticence and generosity in Bishop's nature which attracted her to the self-centred, dishevelled, brilliant young man she met at Stonington and Bread Loaf in the late 1940s. Lowell was 31 in 1948 and Bishop 37. They had a lot in common and Lowell fell in love with the mild, giving, but equally intelligent older poet. Unlike Lowell, Bishop did not have a patrician background and this made her diffident. Although there was never any question of a sexual relationship – for Bishop preferred women as partners – the bond was strong enough for their correspondence to be fond and loving. Lowell, with his many connections, was able to further Bishop's literary career.

In return, Bishop tried to prevent the brash and quite ruthless Lowell from incorporating in *Notebook*, *The Dolphin* and *History* highly personal and private details about his relations and friends. At first, she was tact itself: "I must confess that I am green with envy of your kind of assurance. I feel that I could write in as much detail about my uncle Artie, say – but what would be the significance?" In other words, Lowell was self-important, acting as if sitting on one branch of the Lowell tree was of world-shattering importance. Later, however, even the faithful Elizabeth lost sympathy. Lowell was simply outrageous. When, in writing *Imitations*, he clearly misunderstood the French, Elizabeth Bishop gently chided him. But it did no good.

Towards the end of his life, Lowell became more and more frenetic, while Elizabeth Bishop persisted in giving "modest . . . impersonations of an ordinary woman." She was disturbed at Lowell's constant talk of dying but perhaps he was the better judge. She outlived him by only two years. It is a pity that Kalstone (who died of Aids) could not himself have lived longer to complete this fascinating part of his manuscript.

Geoffrey Moore

ARTS

Rembrandt keeps his appeal

Paul Jeromack on the Old Master sales coming up in New York

FOR GENERATIONS, millionaires who fancy themselves collectors have sought out paintings by Rembrandt, and the latest opportunity presents itself at Christie's New York sale of Old Masters on May 31. The "St. Peter Repentant," signed and dated 1631, is a fine example of the master's early style, and the same model appears in two other works of the period, "St. Paul at his Desk in Nuremberg" and "Jeremiah Lamenting the destruction of Jerusalem" in the Rijksmuseum.

In excellent condition, "St. Peter Repentant" was long in the nearly inaccessible collections of the Prince de Merode in Belgium, and soon after the painting received the kiss of approval from the notoriously selective Rembrandt Research Project (which has disputed dozens of previously unquestioned Rembrandts) the Prince disposed of the painting through Agnew's. It was acquired by the American consignor less than two years ago for a price believed to be "around $8 million," who deposited it on loan at the Metropolitan Museum.

Now estimated at $10m-$15m, the painting has been duly canonized in its very own single-lot catalogue (by noted Rembrandt expert Egbert Haverkamp-Begemann) and although it may not be a supreme example of the master's art, in today's market there is no such thing as a minor Rembrandt. (The last painting by the artist to be auctioned was the 1632 "Portrait of a Girl wearing a Gold-Trimmed Cloak" from the Paine collection, Boston, sold at Sotheby's in London for a record £6.6m in December 1986.)

By coincidence, Christie's has a number of rediscovered pictures by artists' of Rembrandt's circle, the most important of which is "The Five Senses" by Jan Lievens. The two teenage artists shared a studio together in Leyden in the late 1620s, and most commentators of the times were more impressed with Lievens work, and seeing Christie's picture, depicting a merry musical company, with each figure representing a different sensation (a fashionable conceit of Dutch painting at the time) executed when the artist was about 18 years old, it is not hard to see why. The Dutch Statesman Constantijn Huygens, comparing the two artists, noted that Lievens surpasses Rembrandt in the "proud self-assurance that radiates from his compositions and their powerful forms. Because Lievens' spirit – and this is due in part to his youth – is charged with the great and the glorious, he is inclined to depict the objects and models before him not life-sized, but larger than life" – an observation true of "The Five Senses" (est. $80-120,000)

A previously unrecorded masterpiece by Rembrandt's pupil Samuel Van Hoogstraten, a full-length life-sized portrait of "Count Ferdinand von Werdenberg Stepping from a Staircase" (est. $60-80,000) at first glance epitomizes the Van Dyckian elegance that superceded Rembrandt's style, though a closer look reveals that Hoogstraten lifted the Count's pose from Rembrandt's figure of Captain Banning Cocq in "The Night Watch," executed more than ten years earlier. Besides being a painter, Hoogstraten was also a poet, playwright an author of a tract on painting, published in 1678, which is an important early biographical source for our knowledge of Rembrandt. In it, Hoogstraten wrote of "The Night Watch" that "in the judgement of .... Rembrandt paid too much attention to the grand design he had invented and too little to the particular portraits he was commissioned to make (!). And yet that work, to my mind, will outlast all its competitors, being so picturesque in composition, so graceful in the placing of the figures, and so powerful, that to some viewers the other paintings look like playing cards . . . although I did wish that he had illuminated it more."

Other important pictures at Christie's include a Portrait of a Woman by the newly fashionable "fine-painter" Frans Van Mieris the Elder which has been untraced since a 1944 auction (est.$150-250,000). A grime-encrusted Annunciation by Piazzetta (est.$200-300,000), a pair of Chardin kitchen still-lifes (est. $3,000,000-4,000,000), a modestly-estimated little Virgin Annunciate by the rare 14th-century Sienese artist Naddo Ceccarelli (est.$60-80,000), and works by Teniers, Guardi, Fragonard and Vernet.

While Sotheby's Old Masters sale on June 1 does not have the richness or variety of Christie's offerings, there are some excellent pictures, notably a pair of Canalettos, depicting "A View of the Molo from the Bacino di San Marco with the Piazetta and Palazzo Ducale" and "A View of the Grand Canal Facing East from the Campo di San Vio" which come from a private collection in South America. Although works by Canaletto are relatively numerous and appear on the market frequently, Sotheby's pictures are of considerably higher quality than what is usually seen. Sotheby's other prize is a previously unrecorded "Wooded Landscape," signed and dated 1610, by Jan Breughel the Elder, whose existence was surmised by a copy by the artist's son Jan Breughel the Younger in the Hermitage.

Good works by Jan the Elder are relatively rare. The last comparable work by the artist to appear at auction was "A Village Market" of 1615 sold at Christie's London in April 1985 for a record £450,000, and Sotheby's expects their less populated though airier view to bring between $1,500,000-2,000,000.

Phillip King with one of his latest works: "It's a Swell Day for Stormy Petrels" Glyn Genin

Occupied spaces

William Packer on the work of Phillip King

AN EXHIBITION of new work by Phillip King is always an event, but his current two-handed celebration, of the larger sculptures at the Mayor Rowan Gallery (31a Bruton Place W1: until June 21) and of the maquettes and smaller pieces at the Grob Gallery (20 Dering Street W1: until June 2), is even more intriguing than usual. King has always been in the first rank of sculptors of his generation, bursting upon the art world at Bryan Robertson's *New Generation* show at the Whitechapel in 1965. He had worked closely with Anthony Caro at Saint Martin's in the early 1960s, after Caro's abrupt and influencial conversion to a formalist and minimal abstraction but, as Caro was himself to prove, a romantic sensibility may lurk beneath the most purist of theories.

But whatever the shifts of emphasis and apparent denials and contradictions, to look back over any significant career is to realise its essential coherency and wholeness. It is now more obvious than perhaps it seemed at the time that King has indeed always been the romantic and essentially figurative artist that now, with this new work, parades so openly. The formal command remains to be taken much as it was, with its innate practical discipline in the composition and construction of the pieces, now coolly classical and restrained, now intuitively inventive in its gleeful combinations of forms and materials. But the more intriguing consideration is the tracing of the imagery over so long a period.

From the broad-winged "Genghis Khan" in painted fibreglass (1963), through the heavy natural wood and metal elements of "Shogun" (early 1980s), to the simulated bronze of "It's a Swell Day for Stormy Petrels" (1989 and in this Rowan show) the symbolist intent is clear enough. Only the later piece may be openly figurative in its imagery, with its squadron of birds breasting the waves alongside what might be a ramp or jetty and what look like three tank traps washed up high and dry together, but the others are fraught with figurative possibilities. And to look directly from that first to last is to remark the same assertive symmetry, that in those curiously abstracted elements marooned on their ramp is matched across 30 years by "Genghis Khan."

Abstracted, symbolic, heraldic, the "Genghis Khan" embodied not a human figure so much as the presence of the figure in the space it might occupy, as it might be a tent or throne with its attributes of authority. So it has remained throughout King's entire *oeuvre*, the unifying imaginative thread that pulls it all together, that the figurative essence of the work is its establishment of the idea of place, not as a reference or possibility but as a fact.

Just as with the chambered tombs, the stone circles and megaliths of prehistory, the sacred groves and temples of the pagan imagination, so it is with King's major sculptures. Dark and heavy or brightly coloured and cheerful, of natural or industrial material as may be, they too hold and challenge the imagination. These newer pieces may be more playful, quirky and eccentric than before, less hieratic and obviously authoritative in their imaginative suggestion and formally less self-conscious, but always there is the space, occupied if the piece is more solid and integral, inviting and enclosing in those more open and discrete. Even with the charming smaller works at Grob, "Fire King" with its animated figures and ambiguous theatricality, "Plop, the Frog jumps," the most curious of vignettes, and "Ubu's Camel" with its empty hump and inscrutable smile, the sense is of a throne or stage, a place to be occupied or vacated, in the case of the frog with some expedition.

In a sense there is can be no such thing as abstract sculpture, for every piece of sculpture ever made must occupy real space with real form, the perfect representation and embodiment of itself at least, if of nothing else. If King's work has always been figurative in this respect, his new work, with its literal and classical allusions, its jokes and its conceits, merely gives the conundrum another twist, teasing us with propositions that can never be realised – his birds never to be real birds swimming in the real sea. It all rests in the imagination, which is the definition of conceptual art that others labour so tediously to demonstrate. Phillip King, a true, elegant and entertaining conceptualist, is a nice thought.

Radio

Sex 'n deviance

CAROLINE Millington, of the BBC's magazine programme department, said in a discussion in last Sunday's *Feedback*, "I should be interested in a programme about sexuality." There had in fact been one, or half of one, on Radio 3 the previous Wednesday, and the other half came last Wednesday – *Trading with the Enemy*, presented by Adam Phillips, Principal Child Psychotherapist at Charing Cross Hospital. I was interested too, fascinated; but much of the fact and the commentary was provided by psychiatrists, so everyday sexuality took only a modest place.

Susan Sontag set off with a generalisation, that men are anxious about performance and women about violence, then we were back with Freud. Children are born with every kind of sexual desire, the argument ran, but a normal existence leads to normal instincts. Exceptional circumstances, a depressed mother, say, will leave other instincts in charge – deviations, perversions; and we may choose which, for every person's erotic life is a "script" of all his experiences.

Society treats deviants as scapegoats, and the presence of scapegoats in society helps it to come to terms with its problems. "Why should we care about other people?" "Because we are other people." Only halfway through the second programme did the word "love" catch my ear.

Radio 4's Monday Play, *Homeland* by Ken Blakeson, touched on deviance in a way fairly acceptable to a society that condemns deviants. The retired colonial Judge so admirably played by Michael Hordern was barely deviant at all; when he was serving in Africa, he had had an affair with Miriam, a black woman working in his house. Now 84, he is reminded of her by Morgan (Pamela Nomvete), a black helper in the home where he has gone to recover from a heart attack.

Morgan is half white, and wants her illegitimate son to grow up without colour troubles. She wisely accepts the Judge's offer to work for him, though her brother Roy is a militant opponent of the Judge's colonial ideals. She satisfies her white half, the Judge his black half. But, just as Miriam left the Judge's life incomplete when she died giving birth to his child, so Morgan's life is incomplete when the Judge dies, to provide the too appropriately dramatic conclusion. Susan Hogg directed.

More ambitiously, Radio 3 gave us two-and-a-quarter hours of Brecht's *Mother Courage* on Friday. They did well to cast Sheila Hancock in the title role; she played it in a truly Brechtian way – an ageing camp-follower, unromantic, concerned only with selling canteen goods from the cart that she trails around Europe for half the Thirty Years War. Hers is really the only interesting part for radio (John Willett adapted his own translation). Her daughter Kattrin is dumb, and Kattrin's only good scene was mostly played by a drum.

It was indeed ambitious to put such an extreme example of "epic theatre" on radio. Brechtians may say that it adds to the Alienation-effect; but there is more in Brecht than the arguments, the great anti-warfare case, put by a dramatist who spent much of his adult life dodging warfare. The vision of Mother Courage and her cart trundling round the battlefields, of Kattrin's determined drumming to warn of an imminent attack, these things need also to be seen.

Besides Sheila Hancock, there was tolerable playing as the general's cook and the chaplain by John Bull and David King. Alan Barker and Dale Ripley played Mother Courage's sons, but they are not very interesting parts. The equivalent of the written titles that Brecht used in the theatre was given by flat introductions to each scene. We had Paul Dessau's music; if the songs gave Miss Hancock any trouble, all that showed was an extra layer on Mother Courage's anxieties. All things considered, Jeremy Mortimer's direction was a triumph.

B.A. Young

Records

Deep into chamber music

IF THE catalogue is any kind of accurate guide, the long march of authenticity has found chamber music a less sure foothold than the choral and orchestral repertories. While there are period performances of at least some of the Haydn and Mozart quartets played in an informed 18th-century style, the preponderance of new recordings is still conclusively traditional in approach – there is no quartet yet with the popularising cachet of a Brüggen or a Norrington, and the Beethoven quartets in particular appear to be sacrosanct.

Yet chamber pioneers do exist, determined to carry the revolution right into the heart of the 19th century. Hausmusik was set up in 1986 specifically to perform the early romantic chamber repertory in as historically aware a way as possible, and their recordings of Mendelssohn's Quintet Op.18 and Octet Op.18 (EMI CDC 749958 2) demonstrates many of the benefits to be gleaned from such an approach. Inner parts that conventionally disappear into a textural blur in the Octet remain distinct and potentially expressive in their own right, bass lines acquire a new mobility; phrasing becomes a matter of individual responsibility rather than corporate identity.

The sense here though is of opportunities only partially seized; the sound world may be fully explored but the performances seem recessed, both in their aural perspective and commitment. Too much is held back; one wished for more steel in the playing, fewer good manners, a greater sense of identity.

Monica Huggett and Pavlo Beznosiuk are Hausmusik's violinists, and the world of authenticity being a relatively small one, they also take the first desks in the Academy of Ancient Music Chamber Ensemble. That group's version of the Schubert Octet D.803 (L'Oiseau-Lyre 425 519-2) suggests a more robust approach to authenticity than Hausmusik's, undoubtedly enhanced by the sharper focus of the recording, though in some respects the playing is less strongly characterised. In a work which places such emphasis upon the clarinet's ability to shape and propel the music it is asking a great deal for even a player as adroit as Anthony Pay to give the music quite the tang it requires on an early 19th-century instrument, though the regained tonal equality between wind and strings offers its own new perspective. There is plenty of latitude in any performance of Schubert's Octet for the music to hang fire, and there are moments here when the lengths seem rather less than heavenly, despite all the good musical sense behind the playing.

On more familiar ground, the latest instalment of the Borodin Quartet's Beethoven cycle couples the A major quartet from Op.18 with Op.59 no.1 (Virgin Classics 7 90833-2). The Borodin's virtues have been rehearsed often enough on this page not to require much amplification; this record is to that extent self-recommending. But it is worth observing that the quartet only really gets into its stride with the Rasumovsky; in Op.18 no.5 there is the slightly impersonal good taste and received expressivity that one detects in the Borodin's Mozart. The difference when the vaster horizons of Op 59 are reached is extraordinary: the playing immediately becomes generous, instinctive, gloriously right.

CD reissues are now working through the chamber back catalogue with a vengeance, illuminating an area that in the first phase of the new technology tended to be neglected in favour of orchestral music. Among the wealth of recent re-entries Deutsche Grammophon's nine-disc bundle of the Dvorak string quartets by the Prague Quartet (429 193-2) stands out, not just on grounds of sheer bulk but for the amount of fine music it contains that has barely a toehold in the concert hall. The Prague Quartet is a fine, predictably idiomatic guide to both the familiar and unfamiliar; the playing and ensemble are always taut, and the excitement never forced. The players lack the detailed characterisation that, say, the Smetana Quartet brings to Czech music but it is all presented without nationalistic pleading, simply as fine rewarding chamber music in its own right.

The Amadeus Quartet's Haydn is a better known quantity, but its reappearance no less special for that; I'd be prepared to argue that the performances of Opp.71. 74 and 77 brought together on three discs (DG 429 189-2) contain some of the group's finest achievements on record. Whether or not one responds to the Amadeus brand of expressive pointing (there is a robust vigour to much of Haydn's part writing which is outside their world), the refinement and the exquisite finish in the two quartets of Op 77 are matchless.

Finally, in shorthand, a clutch of equally deserving and essential reissues, all from Philips. The recoupling of Arthur Grumiaux's performances of the Fauré violin sonatas (with Paul Crossley) and his account of the Franck sonata (with Gyorgy Sebok) makes a well filled compilation (426 384-2); there, as on Grumiaux's versions of the three Brahms sonatas (Philips 426 093-2, again with Sebok) the piano playing is not always as distinguished as Grumiaux's effortless purity deserves, but it serves well enough. Heinz Holliger and Alfred Brendel's collection of Schumann's oboe-and-piano pieces, some of them annexed from other instruments, is compulsively delectable (426 386-2), while the Quartetto Italiano's Schubert (*Death and the Maiden* and the A minor quartets, 426 383-2) and Mozart (K.464 and 465, 426 099-2) remain, for one listener at least, *non pareil*.

Andrew Clements

ARTS

Dramatic days in Denver

Anthony Curtis 'experiences a sense of theatre' out West

"GO WEST, young man . . ." an admonition attributed both to Horace Greely and John L B Soule in an Indiana editorial of 1851, needs some sub-editing for the 1990s. Clearly it would now have to read "Go West, young person . . ." while the general goal of adventure, self-fulfilment, of being able to "grow up with the country," would have to be replaced by some such phrase as – "and experience a sense of theatre." Regional drama flourishes throughout the US. Nowhere more so than in Denver, Colorado. It has recently been the venue for the US Theater Fest West, a week in which a dozen new plays by American writers have been exposed to public scrutiny.

Denver first grew rich on silver and later on oil, but these sources of wealth both became exhausted. If times are difficult for the city's economy, this is not apparent to the short-term visitor in downtown Denver with its tall gleaming glass towers, its well-lit central shopping mall, and its splendid modern arts buildings, some of which are still in process of construction.

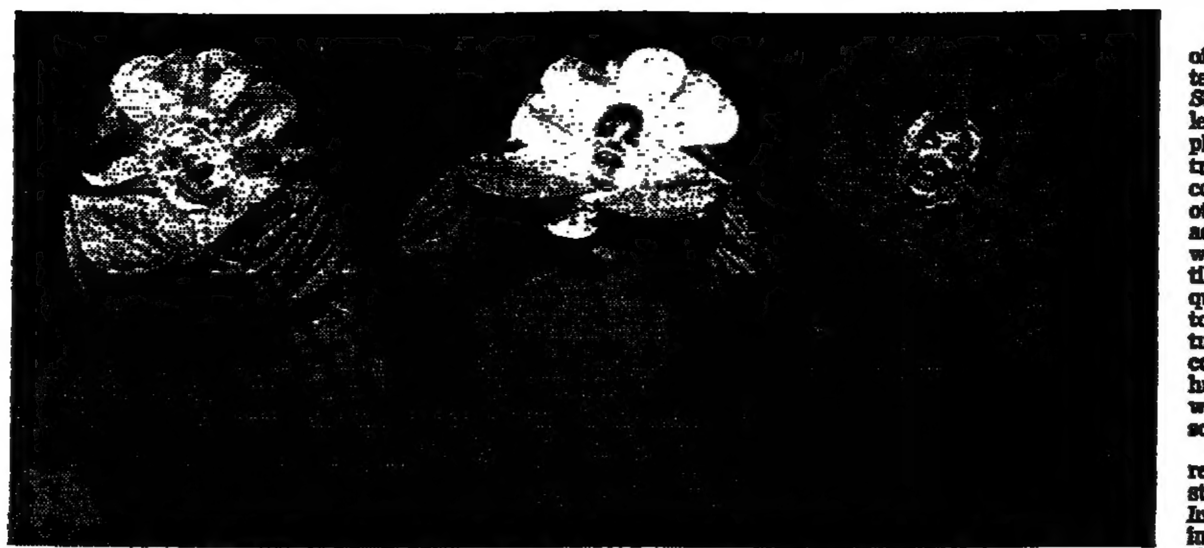
Complete and fully operational is the Helen Bonfils Theatre Complex endowed by a lady who sold the *Denver Post* to augment her fortune. She donated the proceeds to establish a Foundation which funds the development of drama in Denver. The Complex consists of three auditoria, the Stage, the Source and the Space, all modern flexible arenas, well-appointed with comfortable seating. The grandest is comparable in scope to the Olivier the smallest to the Cottesloe. It was here that four separate productions were put on during the week.

In yet another auditorium, a cinema seating 250, a series of eight staged readings of hitherto unperformed plays occurred every morning and afternoon. In the light of the response to the readings, at which the authors were present, four of the plays will go into rehearsal for production at the Fest in 1991. These carefully prepared readings were given by members of the resident company who perform here throughout the year. The company is partly recruited from the Conservatory, or theatre-school, which is currently run by the British actor Tony Church, formerly of the Northcote Theatre, Exeter. It has among other facilities a Voice Laboratory where diction is studied at both the practical and theoretical level.

This emphasis on training may help to explain the consistently high level of the readings which proved to be thoroughly enjoyable. They achieved a genuine rapport with the audience – a mixture of local officials, professors of drama, critics from both the US and the UK, theatrical agents and a delegation of writers and translators from the Soviet Union. One of the few names familiar in the UK among the authors was that of Thomas Babe, whose *Junk Bonds* opened the readings and gave a well-observed account of domestic frustration among two adolescent brothers and the randy lady next door with echoes of *The Graduate* and some good laughs.

P. J. Pringle's *White Paint* was an insight into the lives of Black construction-workers in Charleston focusing on one grossly exploited individual, a house-painter (Harvy Blanks) who tries to smash the power of the white monopoly. This was one of two plays that tackled ethnic tension head-on and inevitably came in for some stick at the critical session.

Among the other works read, *Okiboji*, by Conrad Bishop and Elizabeth Fuller was an entertaining look at problems of retirement faced by two elderly women (Dee Maaske and Kay Doubleday) and how they should approach the Third Age. The same authors, in *Mine Alone*, one of the productions in the Space, bravely tackled the plight of an old woman suffering from Alzheimer's Disease (also played by Kay Doubleday) and the ambivalent reactions of her family. The arena stage opened up this essentially domestic issue to a kind of presentation reminiscent of Greek tragedy not entirely appropriate for it. Sympathy was equally divided between the old lady herself, Sharon Ullrick as her bemused daughter-in-law and James J. Lawless as her long-suffering husband.



Scene from *Animal Fair* by Clark Gesner, which had its world première at The Stage Theatre

At the risk of sounding perverse, I will say that the shows in the evening were often less fun than the readings in the daytime. The musical show performed in the Stage *Animal Fair* by Clark Gesner (author of *You're A Good Man Charlie Brown*) in which the balletic cast impersonated dogs, birds, elephants and flowers, came in a long way after *Cats* despite a certain wry charm. And *Ready for the River* by Neal Bell had all the pretension of second-rate Eugene O'Neill in spite of strong performances by Allison Gregory and Alice Borvik, as a mother and daughter on the run after a gratuitous murder. The plus here was the staging by Gitta Honegger, which created some telling effects by the most simple means.

There was for once a strong sense of the more insidious aspects of contemporary life in Gary Leon Hill's *Soundbite* directed by Donovan Marley, the artistic director of the Complex. It takes place in a windowless transcription room where three copyists work in isolation from each other at their word-processors. The addictive, silent, placid world of the word-processing keyboard was wittily evoked by Leticia Jaramillo, Jacqueline Antaramian and Jamie Horton; eventually the latter couple turn their backs on the screens and confront each other directly in erotic human terms – a neat comic notion which in the end remained unresolved.

The same author had a play of his read, *Back to the Blanket* a reconstruction of a massacre of Sioux Indians perpetrated by the US army in the 19th century. The play was clearly indebted in part to Custer's *My Life on the Plains*. With rituals taken from Sioux folklore and a highly informative account of a horrendous episode when all discipline broke down, this was by far the most ambitious work presented, one difficult to assess fully until it can be seen on stage.

Kent R. Brown's *Dancing the Box Step* looked movingly into the mind of an inarticulate veteran of the Second World War who never subsequently adjusted to family life. Robert Clyman's *Winter Lies* and Roger Cornish's *Rarely Pure, Never Simple* both studied people who were being economical with truth, and both remained enigmatic even at the end. Tom Williams's *New Business* milked for all it was worth the fantasy of a PR company taking on some little green men, invading aliens from outer space, as their new top client.

On the whole a fascinating week.

Herring no quaint little farce

NO CONTROVERSY at Glyndebourne's second offering of the season, a beautifully rehearsed, musically impeccable revival of the classic Peter Hall production of Britten's comedy. It's a production that has developed nicely over the years, its essential toughness – no cosy, condescending, quaint little farce this, but a head-on tilt at English attitudes to class, sex and avarice – tempered by an earthiness that must always have been in the text but had never before been realised on stage. The double meanings are slyly hinted at ("They're so ripe they might splash") and joyfully greeted by an attentive audience. Attentive or no, I just wish they could be restrained from applauding John Gunter's sets, lovely though they are, and chattering through the interludes.

When the production visited Covent Garden last year, one marvelled at how well it sounded in a big house. Back in the theatre for which *Herring* was written, though, the marvel is redoubled: under the direction of Graeme Jenkins the soloists of the LPO delivered the astonishing riches of the score with a fatness of sound, a delicacy of colour and an attention to myriad detail that, as always, made it hard to believe that there were only 14 players in the pit. Mr Jenkins's conducting was notable not only for the essential energy and fleetness of foot, but also for realising the backbone of compassion at the heart of the opera (the second- act interlude was exceptionally beautiful) and relishing the many parodies ("Seats have been kept for the Band of Hope," ideally religiose).

He also, with his expressive left arm, encouraged John Graham-Hall to sing out more confidently than before in his ever-developing, as-perfect-as-makes-no-matter assumption of the title role. There was a vocal strength in the first-act monologue sometimes missing previously, and an *Innigkeit* at "Why did she stare?" that wrung the heartstrings. His drawing of the audience into collusion with both his dilemma and its resolution is more over than before, and quite irresistible. There are other old friends: Pauline Tinsley's Lady Billows (her shade of eye-shadow needs attention, though), Patricia Kern's Mum, a little butterball of sheer malevolence, and Elizabeth Gale's schoolteacher, a dazzling comedy performance equally dazzlingly sung.

The return of Jean Rigby and Alan Opie to the roles of Nancy and Sid is especially welcome: the naturalness, the normalcy of their impersonations remains the lynchpin of the production. They were both in excellent form, though Mr Opie occasionally reminded us that in the intervening years he has been singing at Bayreuth. He could afford to relax a little. Newcomers included that slyest of comedians Andrew Shore as the vicar, ineffably unctuous, and Peter Bronder as the mayor, ideally crisp of diction and attentive to his Suffolk vowels. Susan Bickley's plush mezzo was well suited to Florence, and a touch more incisiveness with the consonants would strengthen her performance further.

An evening of pure joy.

Rodney Milnes

Chess No. 824:
1 Rf1. If Kxe4 2 Qh1, or if Kxe6 2 Qg8, or Kxc6 2 Qa8, or Kc4 2 Nf4.

Georgians under the Arches

Martin Hoyle reports from Glasgow's Mayfest

THE SLIGHTLY melancholy foreigners, dark-eyed and wistful, gazing incredulously at the cellophane-packed sandwiches and rejecting chemical-tasting tea for coke, herald a new wave of Georgian theatre in Glasgow. Not only is a young company attached to the school of the famous Rustaveli at the Mayfest, but the less known Marjanishvili State Academic Theatre of Georgia is making its first visit to the vast, vaulted exhibition and theatre space under the Arches for the delectation of the thirty or so playgoers Europe's City of Culture was able to muster on Thursday night.

Othello is to come, but the company opened with *A Provincial Life* by one of Russia's leading women writers, Lali Rossebe. Inevitably post-Chekhovian in mood, its sad glimpse of a theatrical family hoping and despairing through a small-town career barely steers clear of the sordid, professionally and domestically. There are more humorous touches than the po-faced audience was prepared to acknowledge – without which the story is no more than novelettish.

Leo and Nino are the husband and wife members of a provincial theatre company, convincingly on the decline, he played by Otar Meghvinetukhutsesi with the right arrogance of profile, oblivious bullying and moral seediness; she (Guranda Gabunia) jauntily pathetic in wedge open-toes, fox-fur stole and too much eye make-up. The third member of the household is her sister Zizi, still young and hopeful, perhaps not for much longer, whose past affair with her brother-in-law is kept secret from Nino.

The catalyst, in the shape of Murman, a successful actor from Nino's past, prompts love, then renunciation, from Zizi and vicious hostility from Leo. Murman too has a guilty secret; even before we know it, Jemal Moniava's urbane preening as he murmurs "You're so nice" to Zizi while smoothing his hair in the mirror confirms the author's bilious view of men. Like Chekhov, for that matter O'Casey, she observes inadequate male fantasies mutely borne and catered for by strong, long-suffering women.

This is something of a feminist effort, since the director Medea Kuchukhidze coaxes a beautiful performance from Nani Chikvinidze as Zizi: withdrawn, reticent, briefly blossoming, shattered then finally hopeful through the humanity of that favourite Russian character, the unwittingly sagacious drunk, the actress (a faint look of Natalie Wood to her) avoids sentimentality while portraying depth and vulnerability. The cluttered design – kitchen, leaking wash basin, sitting and sleeping areas all in one, the illusion of privacy pathetically signalled by unfolding screens along the settee or before the bed – adds to the impact, perhaps more than is desirable on the tiny acting space.

One of the characters in *A Provincial Story* by Lali Rossebe

Bolshoy stars

Alastair Macaulay catches the Russian company at Brighton

HOW CAN the Bolshoy live with itself? The two opposed and co-existing sides of this great company are more obvious than ever in the Stars of the Bolshoy programme that has been touring Britain since March and was appearing at the Brighton Centre this week. (Twenty-five towns in ten weeks.) On the one hand, these Bolshoy dancers are, as ever, tremendous troopers; they're a powerhouse of ardent technique and professionalism. On the other, their programme is so crammed with circus tricks that it suggests a view of ballet either very crass or very cynical.

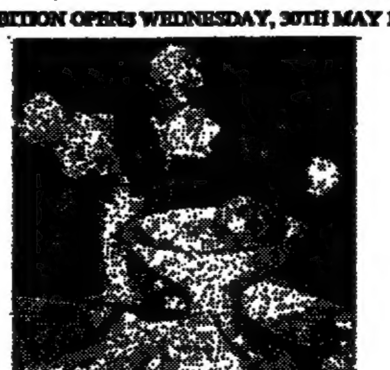
The fare for this tour seems touristy, but – whereas Britain never sees programmes such as those given abroad by small Royal Ballet groups – the Bolshoy has long given similar bills to the folks back home in Moscow. The whole evening is designed to fit anyone's notion of ballet, in particular Bolshoy ballet. Part one consists of the great first lakeside scene from *Swan Lake* with a reduced corps de ballet of twelve swan-maidens, part two of nine party-piece showstoppers, most of them bleeding chunks from full-length ballets. Ballet's most notorious pyrotechnic feat, the ballerina's 32 fouetté turns on one leg occurs no less than four times. My own view is that more than one series of *fouettés* per evening should be banned by the Musicians' Union or, perhaps better, a SALT treaty. Russians think otherwise, alas; and the codas of four grand pas de deux halt to allow the female soloists to receive applause before dance and music may continue.

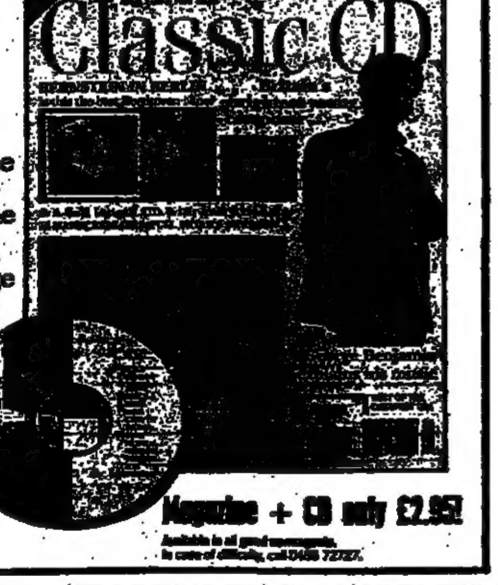
Turns, jumps, some *Swan Lake* and the *Onedin Line* pas de deux from *Spartacus*: the programme is designed to satisfy the most obvious notion of the Bolshoy. Natalia Bessmertnova – the Bolshoy's prima, whose name and picture are over all the tour publicity – dances in the *Swan Lake* scene and in another white adagio, from Yury Grigorovich's *The Golden Age*. She has grandeur and firmness of phrase, but, like most Soviet ballerinas from Maya Plisetskaya on, her way with *Swan Lake* is not eventful drama but ritual lyricism. Mighty admirable and never absorbing.

How typically Bolshoy it is that she's so much fresher in the crude whoosh of the *Golden Age* duet. Even now (she will be 50 next year), Bessmertnova, who is Grigorovich's wife, shows why he choreographs for heroines as he does. Unlike most ballerinas, she's comfortable clutching one foot above her head: which is a cliché of his. She doesn't look distorted, just blithe, creamy, softly heroic. What a beautiful dancer, and what a waste.

Few of the other soloists in the programme, which varies little from night to night, are of particular interest. I hope to see Maria Filippova, who danced the pas de deux from Gorsky's *La Fille mal gardée* with Alexei Lazarev with some élan in a full-length ballet. Maria Bylova, whom we have seen in proper roles, lacks the aristocracy of style for the *Corsaire* pas de deux, but gives it glamour. The famous (or notorious) Yury Vladimirov, now evidently middle-aged, swept Natalia Arkhipova around in the *Spartacus* pas de deux with thug-like power.

The troupe, when I caught it in Brighton, was performing in an auditorium which gave restricted view to over half of the audience. The scratch orchestra, perfectly competent, was not even named. Well, such is touring. But the worst feature is that the evening provides nothing by way of rhythmic complexity. It reminds us forcibly that Soviet ballet has scarcely grown out of the most basic 3/4 and 4/4 dance thinking for which Minkus and Drigo composed their tunes a century ago. It's not just those fouetté turns that create a crashing monotony, but the larger coarseness of Bolshoy rhythm all evening long. All that fervour and force throttled into whoosh, swooning or oompah. We should not let glasnost or balletomania fool us: the Bolshoy, for all its power, shows unmistakable hallmarks of decadence.





SPORT

Game, set and match to Steinlager

Keith Wheatley hails the success of the Whitbread Round the World yacht race

BACK IN 1982 sailor Don Wright arrived in the Solent in the New Zealand sloop Ceramco. "It was the finish of my first Whitbread race and I wasn't too impressed. It was sleeting and there were just a few yacht club officials in a tatty launch to greet us," recalled Wright, 31. My, how times have changed.

Last Tuesday afternoon Wright arrived in Southampton amid England's closest approximation to a carnival. The sun shone brightly, bands played and huge crowds lined the quays of Ocean Village. This lucky yachtsman was aboard Steinlager 2, the Kiwi ketch which had won all six legs of the 33,000-mile race. "It looks a whole lot better this time," conceded Wright.

For his skipper Peter Blake, it was the game-set-and-match fulfilment of a quest that had lasted half a lifetime. Five Whitbreads ago, in 1973, he had set out from England as a crewman aboard Burton Cutter in the first Round the World race. From that day forth an

'The all-women crew of Maiden are set to arrive tomorrow — starved to perfection

infection raged in Blake's veins. "If you haven't done the Whitbread, you haven't lived," he would tell any sailor with an ear to listen.

Steinlager 2 crossed the finish line at 1623 GMT, having taken 17 days, 23 minutes and 15 seconds to complete the 3,800-mile sixth and final leg from Fort Lauderdale. Elapsed time around the entire course was 128 days 9h 40m 30s; at an average speed of 9.3 knots.

Commentators enthused into their microphones about Blake's remarkable achievement in sailing the globe without a significant breakage or delay. It was not true. Immediately after docking Blake confirmed a rumour that he had nursed a stricken boat across the Atlantic, vulnerable to his closest rivals Fisher & Paykel and the Swiss sloop Merit.

Four days out from Florida a chainplate anchoring the cobalt stays holding up both the mizzen and main masts pulled out of the deck. For a few seconds both rigs were in danger of falling into the sea. A lightning turn by the helmsman took pressure off the fitting and transferred the load to the yacht's starboard side.

"We were very close to losing both the masts," said Blake, who embargoed any mention of the damage over the radio. Ingenuity has always been an NZ strength and over the ensuing 48 hours Steinlager's crew improvised a new chainplate out of a main engine bearer.

From then on they prayed. The predicted straight-line dragrace from Florida ahead of the prevailing South-Westerlies never happened. "We must have spent 2,000 miles of the leg beating to windward and ketches are not too good at that," admitted a radiant Blake, who bestrode the dock with his two small children entwined around his broad shoulders.

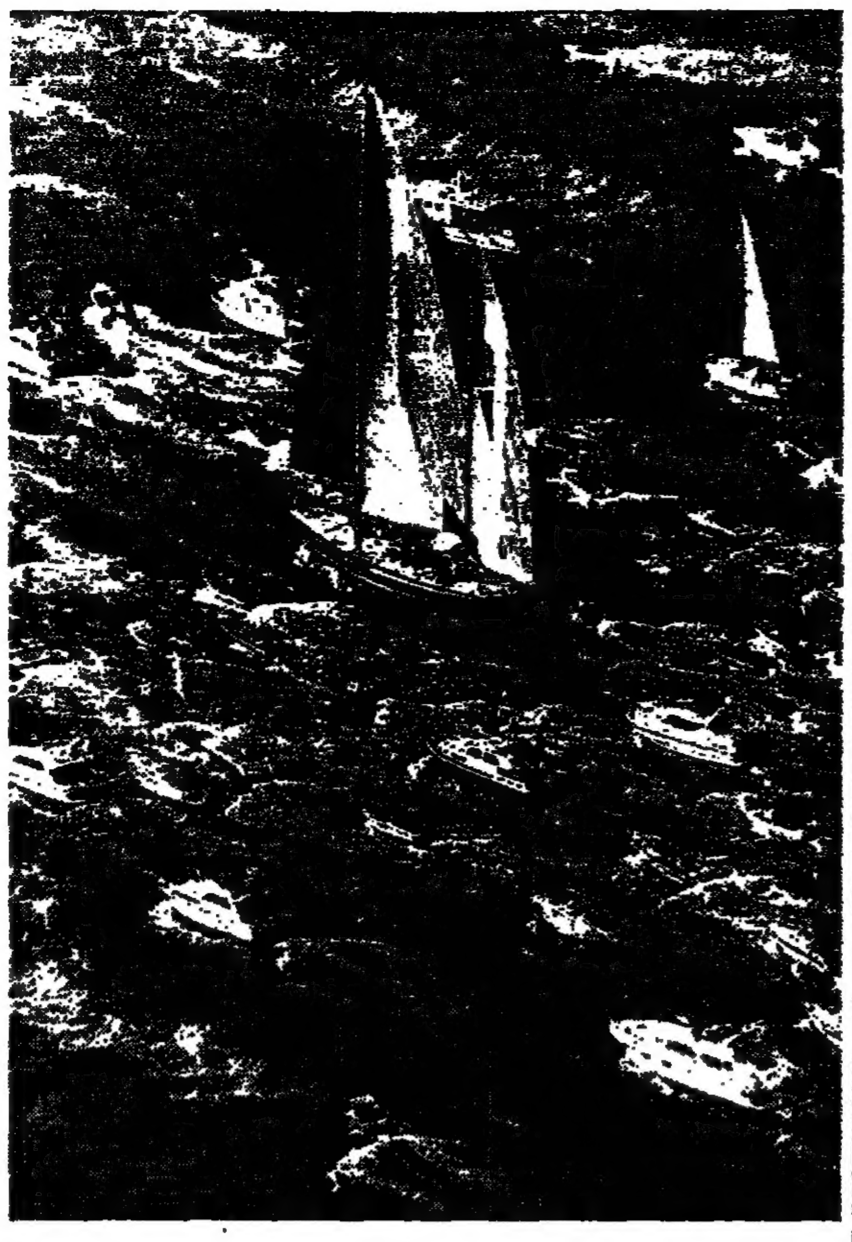
Much of the race was sailed with rival New Zealand ketch Fisher & Paykel within a few miles range, often close enough for the crew to trade jovial Kiwi insults. Skipper Grant Dalton struggled hard to swallow his disappointment at following Blake into Southampton, as he had done round the world. F & P finished in Southampton 26 minutes behind Steinlager, and just under 36 hours adrift overall.

Dalton had often seemed during the race to be a graduate of the "say nothing and look tough" school of yacht-racing. At the finish, he found eloquence where success had eluded him.

"On the way across the Atlantic we were talking about our feelings and wondering how we would react when the mainsail came down for the very last time," related Dalton, a former Blake watch-captain in earlier Whitbreads. "When we tried after crossing the finish line, it jammed. Even the sail didn't want to come down.

"I will be sad that even if I do the race again this is my first time as skipper. It will never be the same again. Shaving in the mirror just now I looked in the mirror and thought 'I will never shave in this mirror again'."

Unlike Blake, who ends every Round the World race by promising he will never do it again, Dalton was keen to come back in 1993/4. But he warned: "It's not like playing for the All Blacks. You don't just come back and get selected. The money has to be found. For me to do the race again is easy, but to find the £6.5m is another matter."



Swamped by a warm welcome: all-conquering Steinlager 2

Of course, the question of what the race itself will look like in four years time is an open-house for clairvoyants and pundits. Whitbread has announced that it will definitely hold another race around the world. So have the assorted admirals of the Royal Naval Sailing Association who have run the event for Whitbread.

Whether they are talking about the same event is another matter entirely. The two groups are not now friends. Both believe that they have proprietary rights in what has become one of the most significant sporting events in the calendar, an asset of considerable value. Already M'learned friends are being shown memoranda purporting to set out the early provenance of the event and thus its ownership.

"The company will win," predicted one of the most important administrators in international sailing. "The admirals are trained to ring up the Ministry of Defence when they want to loose off a few rounds. Sam Whitbread fires his own guns and that is the difference between them."

Meanwhile, out in the Channel, possibly the most celebrated entry of the entire event is battling towards Southampton on a boat devoid of food. The women crewing Maiden will be starved to perfection when they arrive tomorrow having loaded in Florida only enough food for a 14-day leg.

"We had our last meal — of chilli con carne — on Thursday night, and from then on it's whatever we can find in the emergency packs for the life rafts," reported skipper Tracy Edwards. "We've tried having a quiz to take our minds off it but the only thing we can think about is food."

Perhaps cannibalism is the last piece of the media jigsaw to get the Whitbread race right up there with the Olympics and soccer's World Cup.

Tennis

An open Open

John Barrett previews the French championships

FOR THE next two weeks the attention of the entire tennis world will be focused on Paris, where the 58th French Championships will take place — for the 55th time at the Stade Roland Garros. This beautiful complex was named after the rugby international and First World War aviator who was shot down in October 1918, five weeks before the Armistice.

Garros would be have been proud to see the present site, which has been magnificently improved and extended between 1979 and 1990 at a cost to the French Tennis Federation of some FFr170m.

There are now 19 outdoor clay courts with seating for some 8,000, five outdoor hard courts and eight indoor courts, all dominated by the 16,500-seat rectangular centre court and the circular No.1 court, which accommodates 4,500 spectators.

Total attendances this year will approach 325,000. It was the prodigious exploits of the great French champion of the 1920's, Suzanne Lenglen, and the four Musketeers she inspired — Jean Borotra, Henri Cochet, Rene Lacoste and "Toto" Brugnon — that led to the original construction. In France tennis now ranks second only to soccer in popularity with more than 1.3 m registered players, 9,800 clubs and some 33,000 courts.

Despite those impressive figures, only two Frenchmen have won the title since the war — the left-hander, Marcel Bernard, in 1946 and Yannick Noah in 1983. Three others have been losing finalists — Pierre Darmon (1963), Patrick Proisy (1972) and Henri Leconte (1988). During the same period, Nellie Adamson (1948) is the lone Frenchwoman to have won and Ginette Bucaille has been the only other finalist (1954).

Noah and Leconte are both competing again this year, but without any real hope of winning the title. Under the guidance of a new coach, the former American No 1 and Davis Cup captain Dennis Ralston, and inspired by his new girlfriend, Erica Wolwebber, Noah started the year well by winning in Sydney. Sadly he has done little since, with seven first round losses against his name in his last eight tournaments. He seems unable to concentrate 100 per cent on his tennis.

Following surgery on his back last year, during which period his world ranking slipped to 115, Leconte has climbed back to No. 24 with some brilliant tennis. When I saw him in Monte Carlo he looked keen and fit and was striking the ball well again. Two weeks later he did well to take a set off Becker in the Hamburg semi-final. I cannot believe, however, that Leconte is going to be strong enough over five sets to reach the final again in Paris.

So who are likely to be concerned in the closing stages? On the men's side, that is a difficult question. In the postwar period I cannot ever remember a year as open as

'Cross your fingers and put a small wager on Edberg and Seles'

this one appears to be. There is no obvious favourite — principally because world No.1 Ivan Lendl has decided to miss the French Championships this year to prepare methodically for one last great assault on Wimbledon. John McEnroe and Mats Wilander will also be absent — not that either was playing well enough to win.

Last year's champion, the 18-year-old Chinese-American Michael Chang, was unlucky to crack a hip bone last December and has found it difficult to rediscover winning form.

Seeded 1 and 2 this year are Stefan Edberg and Boris Becker. When these two met in the 1989 semi-final Edberg was the victor in five gruelling sets. He still looked jaded two days later when he lost, in five sets again, to Chang.

Thoroughly rested now and fully fit after being forced to retire to Lendl with a torn stomach muscle in the Australian final in January, Edberg is my idea of the likely winner. When I spoke to him at Queen's club last week he said he had never felt more eager. Certainly he looked it as he practised against Britain's Jason Goodall.

Becker is learning more about clay court play all the time but will find it difficult if he runs into any of the clay court experts — men like Juan Aguilera and Emilio Sanchez of Spain, Thomas Muster of Austria, who has just won in Rome, Andrei Chesnokov of the Soviet Union, or Andres Gomez, the 29-year-old left-hander from Ecuador who is enjoying a wonderful spell.

If Edberg does not win then one of this group probably will for I cannot see the American No.3 seed, Andre Agassi — be of the psychedelic bicycle shorts — appearing again in the semi-final as he did in 1988. He is under-prepared.

The women's draw poses several fascinating questions. Is 18-year-old Spaniard Arantxa Sanchez good enough to repeat her shock win of 1989? In the absence of Martina Navratilova who, like Lendl, is concentrating on grass court preparation for Wimbledon, Arantxa is seeded 3 and will have to beat both Steffi Graf and Monica Seles to retain her title. Frankly, that is beyond her.

Is the unseeded American Jennifer Capriati, aged 14, good enough to go all the way? Certainly she will be the one all the seeds will be hoping to avoid. In her first year on the tour Jennifer has already risen to number 24 in the world and has achieved a win over Sanchez on clay. But she is yet too inexperienced to win seven consecutive matches in the full glare of international publicity.

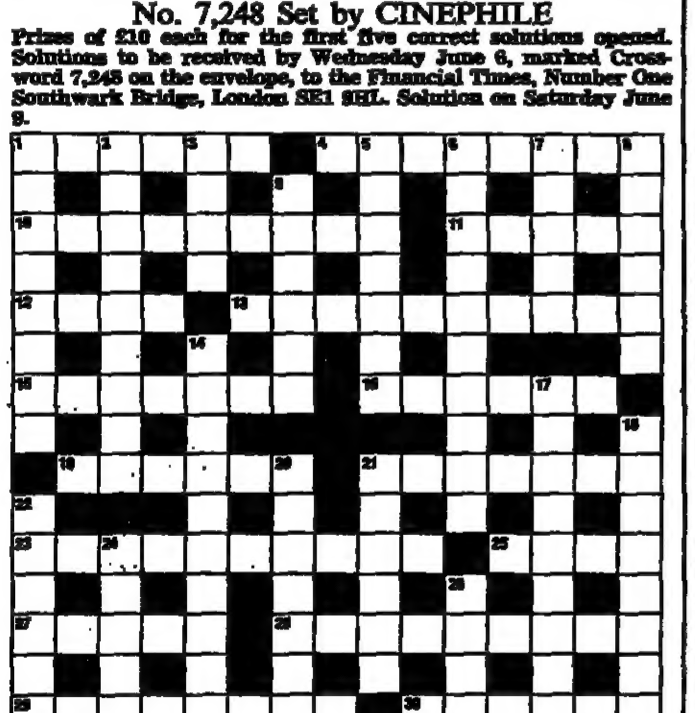
Will Seles be able to repeat her Berlin win over a nervous Graf, or will the World Champion relax and re-establish her dominance? Frankly, I believe that Monica is in the process of passing Steffi. She ran her to three close sets last year and has now beaten her on clay. Seles is technically superior, too, and is stronger and faster now that she has grown another four inches taller.

She is, therefore, the logical favourite. Of the rest, Gabriela Sabatini is not playing well, Zina Garrison gets too nervous, Manuela Maleeva lacks real class and Mary Joe Fernandez has lost all confidence. Put a small wager on an Edberg-Seles double — and keep your fingers crossed.

CROSSWORD

No. 7,248 Set by CINEPHILE

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday June 6, marked Crossword 7,248 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday June 9.



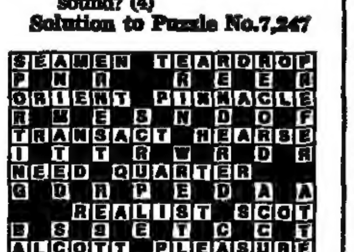
ACROSS

1 Bird, diminutive, is part of canal (6)
4 Bird — dove, turning round — in the air (8)
10 Bird in battle with predatory mammals (9)
11 Bird on pole for monarch (5)
12 Bird with monarch is very hard (4)
13 Bird among different senders shows modesty (10)
15 Bird in civil service: they are yellow (7)
16 Bird entertained by Nye — different being (6)
19 Bird among Nazis, boasters down under (6)
21 Bird has one drink (7)
23 Bird — in a minute, a further bird (7,3)
25 Bird with name for lamentation (4)
27 Bird, second first, at a pinch? (5)
28 Bird after second and first is a marsupial (9)
29 Bird in wrong nest needs guts (8)
30 Bird in south-east or bird following saint — Laurence (6)

DOWN

1 Cheap joke after James is heard (8)
2 First of geese call "Honk", wandering some way from actuality? (4,5)
3 Place of tutelage to nobs (4)
5 Vertues (the spelling's changed) of dress (7)
6 Inventors of religious education who indulge in leisure activities (10)
7 Bring (a response) that's correct during the previous day (5)
8 Hereditary ruler with endless stain, endlessly unpleasant (6)
9 Female donkey for judge? (6)
14 I was the pal removed from Germany (10)
17 Flag needing very little water, we hear, at the FT's (9)
18 Give tent folded for illustration (8)
20 Little girl about to cheat referring to copyists (7)
21 China admits home excavation (6)
22 Follower of religion gets standard bishopric (6)
24 Past model is open (5)
26 Investment with unethical sound? (4)

Solution to Puzzle No.7,247



Solution and winners of Puzzle No.7,236

G.V. Lister, Worcester; M.R. Mandsley, Wirral, Merseyside; D.F. Pappin, Weybridge, Surrey; P.J. Rowland, Brentford, Middlesex; C.F. White, Mickleover, Derbyshire.

SATURDAY

BBC1

BBC2

LONDON

ANGLIA

CENTRAL

CHANNEL

CHANNEL 4

GRAMPIAN

GRANADA

HTV

S4C WALES

SCOTTISH

TSW

TVS

TYNE TEES

ULSTER

YORKSHIRE

RADIO

RADIO 2

RADIO 3

RADIO 4

SUNDAY

BBC1

BBC2

S4C WALES

ANGLIA

CENTRAL

CHANNEL

LONDON

CHANNEL 4

The life of actress Diana Dors is recalled on C4, Sunday, at 9pm followed later by *Yield to the Night*, thought to be her finest film performance

GRAMPIAN

... Nightingale" with Jaclyn Smith, Timothy Dalton, Claire Bloom, Jeremy Brett and Timothy West. 5:45 All Clued Up. 6:15 Grampian Sheepdog Trials.

GRANADA

HTV

SCOTTISH

"You're Only Young Twice" with Duncan MacRae, Diane Hart and Joseph Tomelty. 2:25 ITV Telethon: Money Well Spent. 2:35 Weir's Way. 3:45 Bullseye. 4:15 Aly Bain and Friends. 5:30 Highway to Heaven. 6:30 Reid About Scotland. 6:55 Weir's Way. 7:00 ITV Telethon '90: For Scottish Television Paul Cole, Viv Lumsden, Jim White and Hazel Irvine will be hosts.

TSW

TVS

TYNE TEES

ULSTER

YORKSHIRE

RADIO

RADIO 2

RADIO 3

RADIO 4